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REPORT

— BY —

MR. BRYDGES

ON HIS

Inspection of the Portions

OF THE

INTERCOLONIAL RAILWAY

Now in Operation.

Department of Transport
OTTAWA, CANADA.

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INTERCOLONIAL RAILWAY,

COMMISSIONERS' OFFICE,

Montreal, 20th June, 1874.

THE HON'BLE A. MACKENZIE,
Minister of Public Works,
Ottawa.

SIR,

3812

In compliance with the instructions contained in Mr. Braun's letter of the 12th May, in which he states that, under the authority of an Order in Council, dated the 11th May, you had named and appointed me to make a thorough inspection of the portions of the Intercolonial Railway which are in operation and to submit to you a full report upon the subject, I have now the honor to make the following report:

I will, *first*, describe the present system of management; *secondly*, explain the details of the different departments, and point out where I consider there are deficiencies in the present arrangements; and, *thirdly*, proceed to give you my views in regard to the mode in which, in the public interest, I think it is desirable that the railway should for the future be managed.

I do not propose to follow precisely the order of questions which are contained in Mr. Braun's letter, but you will find, when you have read my report, that it will deal with all the subjects which are referred to me to report upon.

First,—The present management of the railway is conducted upon the following plan:

The first officer is the General Superintendent, Mr. Carvell, who has five clerks in his office—the aggregate salaries of all, including the salary of the Superintendent, being $7,240 a year.

He has also under him two District Superintendents—one, Mr. Luttrell, stationed at Moncton, and the other, Mr. Busby, at Truro. Their salaries are respectively $2,200 and $1,600 per annum, making an aggregate of $3,800. They, in fact, work the line and trains.

There are then an Assistant Superintendent and General Freight Agent, Mr. G. Taylor, who has two clerks under him, their aggregate salaries amounting to $3,400;

The Accountant's office, consisting of the Chief Accountant, Mr. Foot, and two clerks, with an aggregate salary of $3,600 a year;

The Audit office, consisting of the Auditor, Mr. Wallace, and six clerks, with an aggregate salary in the whole office of $4,620 per annum.

There is then a Paymasters' office. The Chief Paymaster, Mr. McCann's salary is $1,800 per annum, and he has two assistants. The aggregate salaries of this office amount to $3,600.

There is then a Cashier, Mr. G. Ryan, and an assistant—the aggregate salaries of the two being $1,800 per annum.

In the Stores Department, which includes the men in charge at Moncton, Richmond and St. John, and those in charge of the tickets and stationery, and the fuel department, there are seventeen persons, with an aggregate salary of $10,463 per annum. Mr. Sadler is chief store-keeper.

In the Engineers' Department there is the chief engineer, Mr. MacNab, with a salary of $2,400, two assistant engineers and a clerk—the aggregate salaries of the whole four amounting to $5,760 per annum.

In the Mechanical Department, there is the Chief Superintendent, Mr. Whitney, with a salary of $1,800 per annum. He has six clerks in his office.

There is also a locomotive foreman at Halifax, with a salary of $1,400, and two clerks, with salaries amounting to $700 per annum.

This makes the total of the Mechanical Department at Moncton and Halifax $8,050 per annum. This does not include the foremen at the different out-stations.

The aggregate of these salaries amounts to a total of $52,333 per annum, and this may be taken to represent the cost of managing the railway.

Second,—I will now proceed to deal with what I found upon an examination of the different departments.

The General Superintendent has full charge of everything connected with the

railway; his orders and directions are supreme, and all departments and all officers have to take his instructions, and to apply to him for orders upon all points.

The Assistant Superintendent, Mr. George Taylor, acts as General Freight Agent, and his duties appear to be mainly confined to the freight, but by a species of "red tape," which I do not think is desirable, all orders which are given by Mr. Carvell to his District Superintendents have to go through the Assistant Superintendent, Mr. Taylor.

In my opinion, looking to the length of the line and the traffic upon it, the office of Assistant Superintendent and General Freight Agent is entirely unnecessary, and the whole of this office, costing $3,400 a year, ought at once to be abolished as unnecessary and embarrassing to the proper carrying on of the service.

The two Assistant Superintendents, the one at Moncton and the other at Truro, have the working of the line divided between them.

The one at Moncton takes charge of the working from St. John to Point du Chene, and from Painsec Junction to Truro.

The one at Truro takes charge of the working of the line between Halifax and Pictou, including, at present, the branch from Windsor Junction to Windsor.

The one has, therefore, 226 miles under his charge and the other 144 miles, to be reduced to 112, if the Windsor branch is handed over to the Windsor and Annapolis Railway Co.

These District Superintendents practically carry on the business of the road. They see to the proper running of the trains; have on their respective districts the charge of the staff at the different stations, the distribution of the cars as they are required for purposes of loading, and generally attend to the working of the traffic in all its departments.

I consider that the division of the line—itself of so short a length—is quite unnecessary, costing more money than it should do, and tending to weaken the efficiency of the service. This is especially the case in the distribution of the cars. There is at present too much sectional feeling in regard to the road, and if cars get upon the Nova Scotia road, or upon the New Brunswick road, it appears to be thought necessary to keep them there, whether wanted or not, although they may be urgently needed upon the other section.

As an instance of this, I may mention that I had the stock of cars at work on each district taken by telegraph, on a particular day, and I found that whilst all the cars upon the Moncton district were in full use, and that they could have

profitably used others if they had had them, there were at the same time 23 box and 50 platform cars on the Truro district, which were not in use or required; but which, if the arrangement had been in the hands of one man, would of course have been shifted from where they were idle, to the points where business was waiting for them to transport.

The whole length of the line, excluding the Windsor Branch, will be not more than 339 miles, and with the amount of traffic upon it, there is no necessity for more than one District Superintendent, and great advantage, both in unity of working and in the proper distribution and handling of cars, will be arrived at by abolishing one district, and having only one Assistant Superintendent over the whole line.

I will deal first with the offices before proceeding to refer to the result of my enquiries in regard to the general traffic arrangements.

In the Accountant's Office, the head of which is Mr. T. Foot, the work appears to be carried on in a satisfactory manner. The work is well up, and as far as I was able to form an opinion, I think Mr. Foot and his staff are competent to carry on the duties which are entrusted to them. I do not think, either, that the staff in that office is too large for the work to be done.

In the Audit Office, the head of it, Mr. J. J. Wallace, appears to be a pains-taking and careful officer, and with some changes of system, which at my suggestion, he will, I am sure, readily adopt, I think the work in his office will be properly carried on; and the staff in it is neither too large nor too small, for the work which is to be done.

There is one defect in connection with the Audit which ought at once to be remedied, and which would prove of great benefit, as will be seen from what I shall subsequently say.

All returns from the different stations are sent promptly, and regularly, and with full information to the Audit Office. They are there examined and collated, but there is a want of a perfect and regular system of inspection, of the accounts themselves, at each individual station.

There should be attached to the Audit Office a Travelling Auditor, whose business it should be to visit periodically, but without any idea of its being done at regular or stated times, every Station, making on the spot a close examination of the accounts at the Station, and counting the cash in hand, so as to be certain that the balances which are reported to be due are really debts due to the Government, and are not sums of money retained improperly by the party in charge. One person ought to be able to do this work properly, and he would, if active, be able to visit at intervals of not less than two months every station upon the line.

I shall deal further with this question of the accounts at the Stations, when I come to speak of the Stations themselves.

The next office, that of Paymaster has at its head Mr. H. W. McCann, and he has two assistants—one at $1,000 a year, and one at $800. The duties of these officers are to receive, properly certified, the pay rolls of the different Departments, and all the accounts which have to be paid for supplies and everything else.

The pay lists, which are made out and paid monthly, are paid by one or other of the Paymasters going out upon the line, and paying the men, individually, the amounts due to them.

The system in regard to the payment of accounts, is that the accounts, when certified, for stores, fuel or whatever else it may be, are handed to the Paymaster, who makes out a cheque for the amount, which is signed by the General Superintendent and the Accountant, and he then takes the money and pays it to the party, to whom the amount is due—taking his receipt for it. It does not appear to me that this is the proper way in which accounts should be paid.

The payment of wages is properly and correctly done, and that is what I understand the duties of Paymaster to be, but I think the payment of accounts should be done direct from the office of the General Superintendent, until the work becomes of sufficient magnitude to require the appointment of a Treasurer, which at present, I do not think it does.

There is in my opinion, one objectionable feature in the arrangement of the Paymaster's Office. Instead of making a separate cheque for every account of stores, fuel, &c., to be made payable to the order of the party who is to receive it, and having the endorsement of that person upon it, as well as his receipt, the accounts are frequently grouped together—in some cases as many as 23 of them, which I counted in one cheque. The Paymaster gets this cheque cashed, takes the money loose, to the different points where the accounts are due and pays them as he would pay wages.

I think this is wrong, and that the duties of the Paymaster should be confined to the payment of wages, and that all accounts for stores of all kinds should be paid by separate cheques, for each account—payable to the order of the party to whom the amount is due, and transmitted after proper verification and being duly certified, through the office of the General Superintendent to the party to whom it is due.

There is no necessity, in my opinion, for three persons in the Paymaster's Office. If the work is arranged in the way in which I think it ought to be, one man is quite sufficient to pay all the wages upon the line. They are only paid

once a month, and probably a week in each month will enable a Paymaster of active habits to go over the entire length of the line.

There are considerable returns made by the Paymaster in the shape of accounts to Ottawa, which I think are in much more detail than is necessary. At any rate, those accounts should go with the other details, from the Accountant's office, if they are absolutely required, and if that is done, one active man can perform all the duties of Paymaster.

The Cashier's Office, as I have already stated, has two men in it—one the Chief Cashier, Mr. G. Ryan, (late M.P. for one of the counties in New Brunswick,) and an assistant, whose salary is $600 a year.

There is not the smallest necessity for more than one Cashier. In point of fact, the work is now done entirely by the second (Mr. Brush), the chief, Mr. Ryan, doing absolutely nothing.

This enumeration deals with all the divisions into which the general offices are divided, but does not include those relating to distinct departments.

I will now speak of the state of affairs at the different stations. I may say that I personally examined at every station on the line, the books and balance sheets, and am thus enabled to form a very correct opinion as to the mode in which the different stations are worked, and as to the condition of their accounts.

I commenced at St. John, and am not able to report that the management at that station is in a very satisfactory condition. I found that the Auditor had been at that station six weeks before I was there, but that no audit had taken place at that important station for two years previously.

The balance against the station at the date that I examined the accounts, was $4,866.80, said to be for goods in store but not delivered. Upon examination I did not find this to be an accurate statement of the case. Upon examination of the accounts, I found that one item, $893.88, was for charges due by the railway, for the carriage of its own materials. It did not, of course, affect the cash balances, but made the apparent balance at the station much higher than it actually was. There was an amount of $958.08 owing by the Coldbrook Rolling Mill Co., for goods which had been delivered to the mill, but which had not been paid for, on delivery.

There appears to have been a habit of allowing this mill to have a *weekly* account, as a matter of convenience. It is an account for freight on old rails, which arrived by water, taken from St. John to the mill, and for coal brought for the mill from Spring Hill and other places. The amount which was due at the time I made the examination of the accounts was for a very much longer period than a week, and, as far as I could ascertain, it extended over a month. There is no reason why this account should have been allowed to run on so long.

I found also the Spring Hill Coal Co., who have a yard at St. John, owed $100 for freight on coal, which had been unloaded into their yard, but the freight on which had not been paid.

There was also an amount of $898.90 due by the firm of Schofield & Beard, for oats which had been brought over the Railway from Point du Chene to St. John. All these car loads of oats had been delivered, but contrary to the regulations, and contrary to what ought to have been the case at every such station as St. John, the parties had not been required to make the payment when the goods were delivered, but the account had been allowed to run on, until it reached the amount which I have stated.

I believe the amount has been subsequently paid, but it is obvious that a great risk is being run, if individual dealers are permitted to have so large an amount of credit, or, in fact, any credit at all for goods which they take away.

There was another item of $64.80 owing for oats, also delivered to a person of the name of Barber.

I also looked into the question of the time which cars were allowed to remain in the yard, without being unloaded, and in looking over the books for the month of May, I found two cars, numbered respectively 1156 and 1208, consigned from Point du Chene to Schofield and Beard, which arrived on the 6th of May, but were not unloaded until the 26th—lying therefore in St. John to the loss of the railway for a period of 20 days. Demurrage, I was informed, had been charged upon these cars, but the consignees declined to make any payment for demurrage, contending that they ought not to be compelled to remove their property promptly, or in fact until they are enabled to find a sale for it.

This of course, is entirely wrong. It appears to me to have been a practice for dealers to make the cars of the railway, warehouses for the property which they import, and that they do not think it necessary to take that property away until they have found a market for it. It is quite obvious that if such a system is permitted, it will take a very much larger stock of cars to work the railway than is really necessary, and I can see no reason why any merchant in St. John, or at any other point on the line, should not be compelled to take his property away as soon as it arrives—finding at his own cost, the necessary warehouse accommodation for it, and if he does not do this, he should be charged such a rate of demurrage, as will be an inevitable incentive to him to take his property away as rapidly as possible.

I found also that at St. John the mode of collecting the money due for the carriage of frieght was not at all in a satisfactory position.

The regulation is, that all freight shall be paid for, as it is taken away, and

there is a cashier at the station, Mr. Mack, whose duty it is to receive the money and transmit it to the cashier at Moncton.

Instead of this, however, it appears that a young man of twenty years of age who was appointed rather more than a year ago, goes about the town collecting money, two or three times a week. He told me that he frequently received in this way as much as a thousand dollars a week—some of it in money, and some of it in cheques, payable to bearer, which he takes to the different banks to cash, and then deposits the whole sum he has received with the cashier. He frequently in this way gets as much as $1,000 at a time. This is entirely wrong. It is putting undue temptation in the way of a mere lad, and the rule should be imperatively carried out, that no property is delivered until it is paid for, and the payment should be made to the cashier, who is there in the office for the purpose of receiving it, and giving the necessary receipts.

There appears to be a divided responsibility at St. John. The station-master, Mr. Coleman, is the recognized head, but his duties appear to be confined almost entirely to the passenger business.

There is a freight agent, Mr. Pick, who remains at the freight office and who is responsible to Mr. Coleman for the proper carrying out of the work. How well that is done you will be able to understand from the description I have given you of what I found to be the facts. After ascertaining these facts, I went to Mr. Coleman, and in the course of conversation with him, found that he was utterly ignorant of all that I have now stated. In fact, he knew them from me for the first time.

I consider the staff at the freight office unduly large. According to the pay-rolls for the month of April, there is the station-master, Mr. Coleman, whose salary is $1,500 per annum. There is then Mr. Pick, the freight agent, with a salary of $900; and then they have, including the cashier, and the clerks and checkers of freight, thirteen clerks, whilst the number of laborers employed in the freight shed, according to the pay sheets, are only seven, and one man for seven days during the month.

This is entirely an undue staff for such a station as St. John, and ought at once to be remodelled, which can be done at a very large saving of expense. It appears that the same staff is kept up from one year's end to the other, although the traffic at one period of the year, is frequently double what it is at others. The staff of clerks now at St. John is much more than sufficient for the very busiest season of the year, but it ought to be made to vary with the business.

I am also of opinion that the general cost of working the St. John Station might be considerably reduced, apart from that relating to the Freight Department, to which I have specially referred.

There is one point connected with St. John to which I ought to call your attention; and that is, by the authority of the late Government, an account is allowed to be kept with the Chief Justice, both for freight and for sales of passenger tickets.

I mention this simply to show that, as far as I am aware, this is the only authorized account which has been allowed, and of course, apart from the general question, the fact of there being this special authorization, should have been conclusive evidence to all those at the station, that no accounts should have been allowed to be incurred by any one else.

Upon the general question of the balances due by the several stations, I think that proper care and attention to details ought to considerably reduce the amounts.

Thus, the total traffic of the line for the month of April this year was $67,509.

The amount of the balances due by the stations at the end of that month, according to their returns, was $19,908.59.

This amount is certainly larger than ought to be due upon so small a traffic.

You will see from what I have said in regard to St. John how easy it would be materially to reduce this item if proper attention were paid to the details.

I had a list of all these balances taken out, and at once pointed out to the Auditor, that except in the case of the ticket agents at terminal stations, there was no necessity for there being any balance whatever at the end of the week. They make up their accounts weekly, sending their balance sheets to the audit office, made up to every Saturday night, and their orders are to remit by Monday morning's train, all the money they had received up to the Saturday night previous. That being the case, I am at a loss to understand why St. John should show for the week ended 23rd May, a balance of cash on hand of $259.02, (irrespective of $136.30, due by the Chief Justice,) or why the ticket clerk at Richmond should show a sum of $320 at the end of the week.

I shall speak presently of the ticket clerk at Richmond.

I had a statement made out of the cost of handling freight per ton at the different important stations.

I found it to be so various that it is quite clear there is considerable room for economy, if this matter is properly watched and attended to.

Clerks appear to be appointed at random, and when once appointed they seem to remain permanently on the staff.

A return should be made from all the principal stations weekly, of the total quantity of freight handled, showing the amount which that freight had cost, both

for clerks and porters, and it would thus soon be shown, where the work was economically done, and where it would be possible, as I am sure is the case, for instance at St. John, to make very considerable reductions.

I left St. John by special train and stopped at all stations. I found nothing which appeared to be in any way irregular until I got to Point du Chene, but I must repeat the general remark which I have made already, that the balances at all the stations are larger than they ought to be.

At more than one place the agent admitted that he had returned as cash on hand, money which was not in his possession—that he had delivered goods to parties whom he knew would pay him in a day or two, as a matter of convenience, and while he admitted that he was responsible for the amount thus due, he equally admitted that he was not carrying out his instructions in what he did. I have no reason at all to believe that there was anything wrong at any of the stations, but undoubtedly there is a laxity in the remittance of money, and there is a want of that thorough understanding, which ought to exist, that money ought to be paid before the goods are delivered, and that the money so received ought to be at once remitted into the coffers of the Government at Moncton.

At Point du Chene, I found matters in anything but a satisfactory condition.

The balance at that station for the 30th April, 1874, (the month of May not having been made up,) was stated to be $2,754.82, of which $1,296.74 was put down as being cash on hand, and a sum of $1,090.90 as due by steamers and vessels to which goods had been delivered, and for which they were responsible to the Agent.

I first enquired into the particulars of the cash balance on hand, $1,296.74, and the Agent was compelled to admit that in closing his accounts he had no such amount of money on hand. He endeavored to explain this balance in the following manner:

First,—There was a sum of $239.39 against the station owing by a ticket clerk named Cannon, who ran away in 1872, and who was then found to be that much short in his accounts. Then there was a sum of $150 owing by another ticket clerk, named Martin, who had run away in September, 1873, and was found to be that much short in his accounts. There was then a sum due by the steamer "Rothsay Castle" (which has since been burned) for coal sold to her, but which had been overcharged, and which was put down at $89. There was then for a loss in the year 1872, in the charter of a schooner to Bathurst, owing to a mistake in the telegraph, $100, and there were claims for overcharges on freight in 1872 and 1873 which have not been adjusted, $192.76.

These various items make a total of $771.15, but do not account for a sum of $525.59, for which there was, when I was at Point du Chene, no satisfactory explanation, except that the Agent said he ought to be paid $120 for rent of an office, which had been used in his house, at a time when the buildings were being altered, but which had never been allowed or promised.

I then enquired into the amounts said to be due by various vessels and steamers. The practice appears to be that goods are shipped from St. John, and other places, to points on Prince Edward's Island, Richibuctoo, Chatham, Dalhousie, Newcastle, and other points along the coast, and that the agent at Point du Chene, has to make arrangements with the steamers or schooners, to get the freight conveyed from Point du Chene to those different points.

It appears to have been the practice to deliver these goods to the steamers and sailing vessels, and they were expected to bring back the money for the freight when they returned to Point du Chene. These matters were arranged solely by the agent, and neither the Superintendent nor the audit office had any knowledge of or control over the mode in which these accounts were adjusted, but had to take the statement of the agent without the possibility of checking it in any way.

Upon enquiry into the amounts owing by the different vessels, I found the following facts to be the case: Some of the amounts he stated had been paid since and the money remitted, but in regard to two of the vessels, the "E. Jane," and the "M. Jane," which owed between them $600.91, he stated that the accounts were very much mixed up, and he was unable to give a satisfactory account of what had been paid, or when he was likely to get the balance.

An amount of $106.61 was due by the Prince Edward's Island Co., and had been in dispute since last fall, and was not yet paid.

The "Onyx" owed the station $156.48. She had been lost last fall, and he had been paid $75 on account of the freight. He did not know when he would get the balance.

I enquired as to the ownership of some of these vessels, and he admitted that two of them belonged to his brothers. He denied having any interest in them himself—a statement, which I confess, from the mode in which the replies to my enquiries were made, I do not entirely believe.

I ascertained, both from him and at the Audit Office, that his accounts had not been audited by any one visiting the station for the last four years, and, so far as he knew, there had never been any audit of the accounts at the station, by any one being sent there for that purpose.

This is exceedingly unsatisfactory in every possible way.

For the amounts which are due by ticket clerks who have run away, and for sums which appear to have been lost in other ways, there should have long ago been a proper representation made, and the amounts cleared off.

This is evidence of a want of management; and neither the Audit Office nor the Superintendent appeared to be in any way whatever aware of the facts which I have here detailed, until I obtained them by personal examination at the station.

I am of opinion that arrangements should at once be made by which all goods going over the railway on to vessels should be properly accounted for; that the accounts for them should be properly made out and settled through the Audit Office, and that the matter should not be left, as it is at present, to the hap-hazard arrangements of the Agent, who is evidently not capable of keeping his accounts in a satisfactory manner.

The same general practice which I have described here in regard to shipment of freight exists at Pictou Landing, and at both places what I have suggested ought to be carried into effect.

In regard to the Agent at Point du Chene, I think, for the sake of the *morale* of the service, that a change should be made without delay.

At all the stations between Painsec and Truro I also examined the accounts.

The business along this line is small, although it will undoubtedly gradually increase. At many of the stations men have been appointed station masters, who are incompetent to perform the duties, and who from their age, ought never to have been put into such positions.

Some of them are unable to keep the accounts properly, and were it not for the assistance, in some cases, of their daughters, it would be quite impossible for the accounts to be kept in any shape at all. One or two of them appeared to have no idea of the importance of carrying out regulations; and at one place (Wentworth) the agent admitted that he was deficient in his accounts, and that he returned as cash in hand, when his balance sheet was sent in, money which he had received but had used for his own purposes. There should be, in my judgment, a change made in several of the station masters on this division of the line. They all appear to have been appointed for political reasons, upon which subject I shall have something to say before I close this report.

At the stations between Halifax and Pictou, leaving out for a moment the two ends, I found everything in a fairly satisfactory condition, with, again, the remark

that there is not sufficient attention paid to the prompt receipt of money for goods delivered, and the remittance of the money without delay as soon as it is received by the agents.

All the stations between Richmond and Pictou, except Richmond, were audited in August last, but they have not been since examined.

At Pictou Landing the same system is in force which I have described at Point du Chene, and which ought, in my judgment, to be at once altered, in the way in which I have suggested.

The accounts at Pictou Landing appear to be in a much more satisfactory condition than at Point du Chene, but it is clear that the accounts at this, and all other stations should be much more frequently audited than has hitherto been the case.

Mr. Wallace, the auditor at Moncton, told me that when he examined the stations in Nova Scotia, in August, 1873, he audited everything except the Richmond freight station, which he had not audited since the amalgamation of the railways in November, 1872. He had examined the accounts of the ticket agent, who was short then in his cash about $300.

This was reported to Mr. Carvell, and the clerk was given 24 hours to pay up the deficiency, which he did, and he has since remained ticket agent there.

The balance due by the ticket agent on the 31st March was $303.91, and on the 30th April it was $449.04. As I have already explained, there should be no cash balance, except a small amount kept for giving change.

I arrived at Halifax on Saturday afternoon, and the first thing on Monday morning went to the Richmond station.

On the way there I told Mr. Carvell I was quite satisfied, from the look of the amount due at the ticket office, that things were not in a satisfactory condition, and that as soon as we got there, we should go and make personal verification of the accounts, and see in what condition they actually were.

This was done, and a deficiency found then of somewhere between $40 and $50. I saw the ticket clerk himself, and he admitted that he had been deficient in his accounts for the last two and a half years. He accounted for it by saying, that one morning when he went to breakfast, he left his safe open, and when he came back he found that a considerable sum had been abstracted from it, which he was never able to recover. Upon being found deficient in August last, he borrowed a sum of money to make up the amount, but having done so, he repaid it out of the Government funds, and until I called the attention of the Audit Office to the large balance at the station, and which brought at once an enquiry of the ticket clerk, he had

been between three and four hundred dollars deficient every week. Hearing of the enquiry that was being made, he again borrowed (he says, this time upon mortgage upon his property) $300 which he paid in, but which still left him deficient the sum I have named.

All this is, of course, very reprehensible, and unless the service is to get into an exceedingly disorganized state, and everybody is to be allowed to use the Government money as they please, this ticket clerk, whose name is Jeffrey Foot, ought to be at once dismissed.

I examined the freight accounts at Richmond, and found them generally in a satisfactory condition. The balance at the time I was there was $5,633.06, but of that, the sum of $4,756.20 was due by the Acadia Coal Company, which sum is undoubtedly quite safe. The only point is, that they are allowed a monthly account which is not unreasonable, considering the large business they do and the respectability of the Company, but they are sometimes allowed to be two or three months in arrear, which accounts for the large sum now due by them.

They should be made to pay promptly every month; and if they did so there is no reason why they should not be allowed to have a monthly account; if not, they should be compelled to pay for the coal before it is delivered.

In speaking of the Richmond Station, it is right that I should call attention to the fact that, if the arrangement, which I understand has been completed, is carried out, of giving over the Windsor Branch to the Annapolis Railway Company, and giving the latter the right to use the line from Windsor Junction into Halifax, to the terminus there, it will involve a cost to the Government for that work of not less than $15,000 to $20,000 per annum.

The line from Windsor Junction to Halifax will be run over by the Annapolis Railway trains, and some portion of the cost of maintenance and wear and tear will be fairly chargeable to that Company.

The quantity of siding accommodation required at Richmond will have to be greater than it otherwise would be, if that Company's trains are to go there, and for this a certain sum ought to be charged.

The Annapolis Company's trains being in Richmond Station involvedthe necessity of using two shunting engines instead of one, which would be sufficient for the purposes of the Intercolonial Railway alone.

The extra shunting engine requires men to attend upon it, and without taking into account any sum for interest upon the cost of the property and buildings which will be used by the Annapolis Company, I am quite safe in saying that the

actual money outlay, which will have to be paid by the Intercolonial Railway for the work done for the Annapolis Railway, will be not less than $15,000 a year, and will probably exceed that sum.

It is right to bear this in mind in considering the question of the Annapolis Railway arrangements.

I will deal in a separate report with the extension of the railway into Halifax.

New Works Required.—In regard to the question of the amount of accommodation now existing along the line, and what is required to provide what is necessary, I may say generally that there is almost everywhere sufficient accommodation at present. Halifax, of course, I shall deal with separately, but outside of Halifax the most urgent is an extension of facilities at Pictou Landing. There are in addition to this a few matters which I think ought to be done this year, not, however, costing more than $15,000, and which, when done, will, with what I understand has already been authorized in the last estimates, place the entire system in a condition which will be satisfactory, for a considerable increase over the present traffic.

Of course, if traffic should develope itself rapidly, there would arise a necessity for further outlay, but I do not myself see that that is likely to be the case at present.

Traffic, in my judgment, will grow slowly but surely, and the necessity for any additional facilities, beyond what I shall hereafter speak of, will not be large, and should only be allowed as the necessity for them becomes indispensable.

COAL TRAFFIC.

I may as well here refer to the coal traffic, and the arrangements for carrying it on, and upon this subject I shall have to make some recommendations.

The coal business arises almost entirely at two points upon the line, Stellarton and New Glasgow (near Pictou Landing) and Spring Hill, on the Central Division.

At Pictou, there are five mines in operation, viz., the General Mining Association, the Intercolonial Coal Company, the Nova Scotia Coal Company, the Arcadia Coal Mining Company, and the Vale Colliery Company.

The three first have their own independent lines from the pit's mouth to shipping points in Pictou Harbour for purposes of shipment by water, and do not use the Government Railway at all.

The General Mining Association and the Intercolonial Coal Company have both connections with the Government Railways near Stellarton, by means of which shipments of coal are made along the line of the railway, and, during the winter,

to Halifax, while Pictou Harbor is closed by ice. The Nova Scotia Company has no connection with the Government Railways. The Acadia Coal Company ships its coal from the mine by water at Pictou, over the Intercolonial Railway, from its junction with its own line at Stellarton to Pictou Landing. The Acadia Company has built its own line of about four miles in length, from the pit's mouth to a junction with the Intercolonial Railway at Stellarton, and has its own engine working between Stellarton and the pit.

The cars used are those belonging to the Intercolonial Railway.

The Acadia Company, from the junction at Stellarton to its shipping place at Pictou Landing, passes over the Intercolonial Railway for a distance of 11 miles.

The Vale Colliery has made its own line, of about six miles in length, from the pit's mouth to a junction with the Intercolonial Railway near New Glasgow, and provides its own engines for hauling the cars between the junction and the pit's mouth. The cars used are also those of the Intercolonial Railway. The distance over which the Vale Colliery coal passes along the Intercolonial Railway is eight miles, from New Glasgow to the shipping port at Pictou Landing.

Both the Acadia Company and the Vale Company provide their own shipping stages at Pictou Landing, the railway running its track upon those wharves, and the coal company discharging from the cars direct into the holds of vessels.

The charge at present made to the Acadia Company for the carriage of the coal from Stellarton to Pictou Landing, is 25 cents a ton. The Intercolonial Railway provides the use of the track from the junction with the line of each mine to the landing, the use of an engine, with driver and fireman, and a conductor and three brakemen for each train. The cost of course is the same, except for the difference in wear and tear of the track between Stellarton and New Glasgow.

Whether the coal comes from the Acadia Company or the Vale Company, I am of opinion that no difference should be made to the two collieries. The service in fact costs the same for each, and they should be, in my judgment, charged the same price, and that price should be 25 cents a ton. That does not leave more than a fair profit. It requires the use of a separate and independent engine, a separate staff of men for the train, and, looking to the gradients between Stellarton and Pictou Landing, and the weight of the trains, very considerable risk is run—the cost of any accident, of course, resting, after the train is once in motion, with the Government and not with the coal company.

Each train carries 40 hopper cars, each car containing 5 tons, so that each train carries from the mine to the shipping port 200 tons of coal. To do this requires

120 cars—40 to be loading at the pit, 40 to be in motion between the pit and the shipping point, and 40 to be at the shipping point discharging into vessels. If the business is brisk, 120 cars can pass five trains between the pit's mouth and the shipping point daily, in 12 hours, which would enable each mine to ship 1000 tons a day.

As some cars would, of course, always be under repair, it is safe to say that it requires 150 cars to enable each mine working over the Intercolonial Railway to ship 1000 tons of coal a day, and if the quantity is less than 1000 tons, the same number of cars will be required. Three hundred cars, therefore, are required during the shipping season at Pictou Landing, for the use of the two mines, which alone, at present, have any connection with the Intercolonial Railway.

The Government now own 656 of these cars.

The Spring Hill Colliery is just about getting into operation, a branch about six miles in length, which has been built from the Mine to the Intercolonial Railway; but unlike the lines built by the Acadia Company, and the Vale Colliery Co., the Spring Hill branch has had part of its cost defrayed by the Government.

The arrangement I understand to have been that the Spring Hill Co. graded the road bed and provided the ties, and the Government laid the rails and are now ballasting the Branch.

I went over the line, which is at present in a very rough state, but which by the end of this month will be in comparatively fair order.

It is an exceedingly crooked line, with very steep gradients, and will be costly to work and keep in repair. No arrangement has yet been made in regard to the working of that branch, and I am of opinion that the same practice which is in force at Pictou should be applied at Spring Hill. The present point of shipment for the Spring Hill Company is intended to be at Dorchester, where a branch has been constructed to the Maccan River, a tidal river running into the Bay of Fundy.

The distance from the Junction of the Intercolonial Railway, with the Spring Hill branch to Dorchester, is 38 miles, or to the mines 44 miles.

The Spring Hill Colliery will, I have reason to believe, endeavour to make their shipping place at another point on the Maccan River, about 12 miles from the junction with the branch.

I think it is unfortunate that the Spring Hill branch has been constructed, in any way whatever, at the expense of the Government. That company should have been treated, in my judgment, precisely the same as the Acadia and the Vale Collieries, and required to make their own line from the pit's mouth to a junction with the

railway, and I would strongly recommend that if they cannot be induced to purchase, even at a very small price, the whole of the branch from their mines to the Intercolonial Railway, it would be far better to make them an absolute present of it, and to let them work it themselves. It will be a costly line to keep in order and to work, and from the condition of its curves and gradients, will always be liable to serious mishaps.

If they will not take it either by purchase or as a gift, I would insist upon their doing, as the two companies at Pictou do, find their own engine and work the traffic between the mines and the junction.

In order to force them to do this, I would put such a price for working as would make it an object to them to provide the necessary engine power themselves.

The charge for haulage from the mine to the junction, if no arrangement can be made with them, either to take the line or to work it themselves, ought not to be less, considering all the circumstances, than 20 cents a ton. If they make their shipping point at Dorchester, it will require rather more cars than are necessary either for the Acadia or the Vale Colliery, the distance being greater. But I think it is safe to say that the three Collieries of Spring Hill, Acadia and Vale, can be supplied with sufficient cars to enable them each to ship 1,000 tons a day, by devoting 450 cars to that purpose.

That will still leave 200 cars for the general trade along the line, which in my judgment ought to be ample for a considerable time to come. Of course, when the shipping season both at Pictou and the Maccan River is closed by ice, the cars which are in use during the shipping season, are available for the transport of coal to Halifax and St. John, and there are now sufficient hopper cars, in my judgment, for the carrying on of the local business along the line, and the shipment of coal at Halifax during the winter season, as well as in the shipping season at Pictou and Maccan River.

It would have been better if, in the start, the different collieries had been required to own their own cars, and a charge made to them for hauling those cars over the railway. I am afraid, however, it would now be exceedingly difficult, owing to their want of capital, to get them to buy these cars, and therefore the matter having gone so far as it has, there appears to be nothing to do but to be satisfied with the arrangements as they now exist, and make reasonable and proper charges for the transport of coal in the cars belonging to the Government. At present there are about 200 of the coal cars, lately purchased, not in use.

The last 100 that were obtained from Portland have never had any coal in them up to the present time, and are lying on sidings near St. John, ready for use as soon as the coal traffic may render it necessary.

I may mention that the total quantity of coal shipped from the Acadia mine over the Intercolonial Railway to Pictou Landing during the year 1873 was 85,414 tons which was an average of 270 tons a day for each working day, but as for nearly half the year the shipping at Pictou was suspended, by the harbor being frozen over, it is fair to assume that the average daily shipment during the season of navigation was about 500 tons per day, which would be equal to two and-a-half trains. As the coal busine[illegible] was much more brisk last year than it is this, it is not at all likely that the co[illegible] shipment of the Acadia and Vale collieries during the present shipping season will reach an average of 1,000 tons a day between them.

The facilities at Halifax for shipment during winter, by the arrangements now in progress, and which will be completed within the next three months, will permit, if necessary, of the shipment of from 3,000 to 3,500 tons a day. This is, in my judgment, very much larger than the coal traffic is likely to be for a very long time to come, and the facilities at Halifax, therefore, for the shipment of coal will, by the end of the present season, be fully ample for the utmost requirements of the trade.

The same arrangements which are provided for the shipment of coal at Halifax, will also provide for the shipment of timber and lumber, and for these latter articles, there will be, before the close of the present season, the most ample facilitie which the trade can possibly require for some years to come.

Apart from the facilities which are to be provided by sums already included in the last estimates, all that, in my opinion, is necessary to be undertaken, at present, are the following, and the cost of these will not be large.

They principally arise on the Nova Scotia portion of the line.

BEDFORD.—At Bedford, a place near Halifax, and to which and from which passenger traffic goes in summer, a new passenger station is very urgently wanted, and the present building should be converted into a freight house—there being no accommodation of the latter kind at all. The cost of this will be $1,800.

SHUBENACADIE.—At Shubenacadie, a new passenger station is also absolutely essential, and the present building there should be turned into a freight house—the accommodation now being entirely inadequate—and a platform erected for the handling of lumber. The cost of all this at Shubenacadie will be $2,250.

BROOKFIELD.—At Brookfield the present building should be turned into a passenger station, and a new freight house erected, which will cost $1,800.

STELLARTON.—At Stellarton, which is the second largest shipping station on the entire line, the accommodation is entirely inadequate.

The present station building should be removed and turned into a freight shed,

which will give them all the accommodation, at present, that is necessary, and in its place a new passenger station should be erected.

Another siding also is wanted at that station for the accommodation of the coal traffic coming from the Acadia and Intercolonial mines. The cost at this station will be $3,750.

New Glasgow.—At New Glasgow the bringing in of the Vale Colliery and the general increase of the business there requires another siding, which will cost $500.

Pictou Landing.—At Pictou Landing there is at present a great want of facilities for handling the coal trains as they arrive at the shipping points, both for the Acadia and the Vale Collieries. This can be overcome by the construction of a new siding lying between the two lines approaching both the shipping stages.

There is also a new siding very much wanted at Pictou Landing, for the general trade, which is increasing at that place. The total cost at Pictou Landing would be $2,700.

Greenville.—The Greenville Station, on the Central District, has clearly been placed in a wrong position. It is a mile away from the main road, and with no approach except the one which carries the railway over the river, which intervenes between the road and the station.

It has evidently been put there for some reason, other than that connected with the traffic of the line, and is very loudly and justly complained of by the sections of country through which the roads crossing the railway pass. I saw the people in the vicinity when passing there, and they have agreed to give all the land that is necessary for the placing of the station in a proper place. The cost of removing it and the siding will be $1,800. This should be done without delay.

The total cost of these various items amount to $14,600, and is all that I consider it necessary to do at present.

I have not yet obtained full information as to the items passed in the last estimates, but, from what I hear about them, I think I shall be able to suggest such modification of those plans, as will enable the work I have now referred to, to be done, without adding anything at all to the amount voted by Parliament for new works.

COAL DROPS.

There is only one other question, and I consider it of sufficient importance to recommend that it should be attended to this year.

The coal which is required for distribution along the line of the railway,

through the country districts, is at present carried partly in hopper cars, which discharge their coal mechanically from the bottom, and partly in ordinary platform cars boxed up at the sides, from which the coal is shovelled into the carts at the different stations. The use of these platform cars is objectionable, because it takes some time to unload them, and they are besides wanted for the lumber business of the country, for which they are intended. The hopper cars are the proper cars to use, and there are quite a sufficient number of them to keep all the mines at work and to do the local trade of the country as well; but in order to make them available it requires proper arrangements for unloading them. That is to say, either an elevated track has to be built, or, where the ground will admit of it, a track on trestles run off an embankment, and the cars unloaded on those trestles, from which the carts can take the loads away as they are required. Several of these coal drops have been built, and others are now in course of construction, but in order to make the arrangement perfect, and to ensure the coal traffic being carried as it ought to be, in these hopper cars, it will require; at about eight or nine places beyond those now authorized, the erection of the necessary facilities for the unloading of those cars.

The selection of those places will depend upon the amount of business at the different points, and roughly estimated they will cost, not to exceed, and probably less, than $1,000 each.

I think it would be very desirable, therefore, if a sum of not exceeding $10,000 were authorized to be spent this year for the erection of those coal drops, and I think the amount can be expended, in addition to what I have otherwise recommended, without going beyond the total sum included in the estimates for the coming year.

NEW MILL SIDINGS, &c.

Applications are made, and several have already been referred to Mr. Carvell, for sidings to mills and for other purposes, where traffic will come upon the railway.

There is no doubt, especially upon the Central District, between Painsec and Truro, that this description of traffic will increase, and that mills will be erected from which lumber will be shipped.

I think it would save a good deal of trouble and future constant references upon different applications, if the principle were laid down that where a siding is required for such purposes as I have mentioned, the parties applying for it must make the road and provide the ties necessary, and pay to the railway the cost which they incur in laying in the track and ballasting it. The Government to provide as their portion of the work, free of charge, the rails and switch necessary to lay the track.

Of course, it should be understood, if such a general principle is adopted, that it is not to exceed a certain distance from the track. If it is more than that distance, it should then be placed in the same category as the Acadia and Vale Collieries have been, and the parties should be required to make their own track from the mill, or whatever else it is, to a junction with the railway. In fact, the principle should only apply, where what is required is simply a siding, which never exceeds about one thousand feet in length.

PASSENGER FARES.

Whilst I am upon the subject of traffic generally, I had better deal here with the question of the tariff at present in existence for passenger fares.

The present passenger fares are based upon a charge of 3 cents a mile for first class and 2 cents for second, up to 100 miles. Up to 150 miles, the rate per mile is reduced to nearly $2\frac{3}{4}$ cents for first class, and above 200 miles to not quite $2\frac{1}{2}$ cents a mile. These rates are fair and reasonable, and, I think, need not be altered. But in addition to these rates there are two classes of tickets issued, one of which I consider exceedingly objectionable. The one is a family ticket, issued by any station and good for 12 passages between the stations named upon it, and that ticket is sold at a reduction of one-half the regular fare.

A man who is engaged in business, which requires him to travel at all frequently, can buy a ticket enabling him to pass 12 times over the line, at one-half the price paid by an ordinary traveller. I think this is entirely wrong, and that it should be at once abolished. It is a class of ticket which it is exceedingly difficult to deal with, and is liable to very great abuse. The fares are low enough, in comparison with all other railway fares in Canada, to render any such reduction entirely unnecessary, and I recommend that this class of ticket be entirely abolished.

In place of it, I recommend that the course which is usually adopted in Canada be followed, and return tickets issued, good for a journey from the station at which they are issued to the station to which they go and back again, at a reduction of one-quarter of the double fare. That is to say, that a return ticket should be issued from one station to the other at a fare and a-half, instead of two single fares.

There may, of course, be some abuse, as there always is, by parties selling their half of the return ticket, if they do not want to use it, but with so sparse a population, I do not think it is likely to be a serious question, and at any rate it would be very much better than continuing the present system of family tickets issued at half price.

Season tickets are also issued at rates which I think are far too low. These

season tickets should only be issued at certain points, and the rates should be revised, but the precise rates to be adopted, I should require to give some further attention to, before I could possibly advise what should be done in this particular.

But in regard to "family tickets," they should be instantly abolished, and return tickets substituted for them.

FREIGHT TARIFF.

In regard to this question, I find that there are practically two tariffs in force. It appears that there were two separate tariffs in existence previous to the amalgamation of the Railways, one in Nova Scotia and one in New Brunswick, the rates in Nova Scotia being higher than those in New Brunswick.

For instance, for distances of fifty miles, the four classes in Nova Scotia were 19c., 16c., 13c., and 10c. per 100 lbs.,—whilst in New Brunswick they were for fifty miles, 16c., 14c., 12c., and 10c.; and for 100 miles in Nova Scotia they were 32c., 28c., 22c., and 16c.,—whilst in New Brunswick they were 27c., 23c., 19c., and 13c.

When the line from Painsec to Truro was completed, forming a junction between the two systems, and the whole line brought under one management, the tariffs in force in Nova Scotia and New Brunswick upon the old lines were retained, and a new tariff, applicable to the piece of railway from Painsec to Truro, and for traffic coming off the old lines on to the new line was issued, based entirely upon the New Brunswick or the lowest rates.

Those, therefore, are the arrangements at present in force,—the old tariffs in Nova Scotia and New Brunswick being still employed, and the New Brunswick tariff being applied to the new piece of railway, and to the traffic coming on and off the old lines on to the new one.

I have had a statement taken out of the tariffs in force upon the following railways:—

The Intercolonial Railway, as I have already explained it, and the Nova Scotia and New Brunswick Railways.

The European and North American Railway, between St. John and Bangor and Fredericton.

The Maine Central, between Bangor and Portland.

The Grand Trunk.

The St. Lawrence and Ottawa.

The Toronto and Nipissing.

The Toronto, Grey and Bruce.

The Great Western of Canada.

The Windsor and Annapolis—the latter being the tariff in force, since they raised their rates some little time ago.

I append a copy of this statement, and a perusal of it will show that the New Brunswick tariff is lower than that of all the others, especially for distances less than 50 miles, and that the Nova Scotia tariff, although higher than the New Brunswick one, is considerably lower than the European and North American or the Maine Central, and it is also lower than the railways in other parts of Canada, and the rates at present in force on the Windsor and Annapolis Railway.

I am of opinion that the rates should be assimilated throughout the whole of the system, and that there should be no difference in the rates between those portions of the railway, according to distance, lying in Nova Scotia, and those lying in New Brunswick.

Why the difference, when the lines were brought together, was allowed to continue, I cannot understand, but it is obvious that the tariff should be assimilated in both Provinces, and that one tariff should be applied to the whole system of railways.

Considering the fact that the railways up to this time have cost the country considerably more to work them than they have earned, to say nothing of the interest involved in the outlay for their construction, I can see no good reason why the rates should be lower than they are upon other railways in the Dominion, or why the people of Nova Scotia and New Brunswick should have their property conveyed at lower prices than the people in other parts of Canada, simply because the railway belongs to the Government, and does not belong to a private company, which, of course, would try to make both ends meet

If a private company could not do so without a rise in the tariff, there is no doubt that they would put such a tariff in operation as would bring about the desired result.

Acting upon this principle, I therefore submit (*Appendix A*) a revised tariff, which is based upon an average of the rates in force in other parts of Canada, and adjacent portions of the United States, and which is on the whole slightly lower than the rates charged upon the lines to which I have referred, and which appear to me to be according to the rules which govern the proportions of tariffs upon railways—a fair and adequate arrangement, taking into account the service which is performed.

It is a well-understood rule that rates for short distances must always be proportionately higher than those for long ones. The same cost of handling occurs, whether freight is carried 10 miles or 50, and it is obvious that a train which passes over a piece of line, say 100 miles in length, is not put to much more expense in delivering its freight at the longer distances than it is at the shorter ones. The expenses of a train are applied, of course, to the whole length which it runs, and a local freight train, such as the trains which run on the Government Railways of the Lower Provinces, is not filled to the capacity of the engine during the whole length of the journey. It would be fair, therefore, in fixing rates, to bear this in mind, and the tariff which I now submit puts, as it ought to do, higher proportionate rates for short distances than for long ones.

I also recommend that a revised coal tariff be put in operation, based somewhat upon the same principles as those to which I have referred.

It will not very materially vary from the tariff which is at present in operation, but will be more equable in its terms, and will, at the same time, I think, produce a larger amount of gross revenue to the railway.

The rates I have already recommended from Stellarton and New Glasgow to Pictou Landing should be 25 cents per ton; and provided arrangements cannot be made to hand over the railway from the Spring Hill Mines to the junction with the Intercolonial, 20 cents a ton ought to be charged for hauling traffic over that piece of road.

There are several points on the head of the Bay of Fundy where considerable competition arises in carrying from St. John.

These points are principally Moncton, Memramcook, Dorchester, Amherst, Sackville, and Aulac.

The railway in getting round the head of the Bay of Fundy has to take rather a circuitous route to those points, and at present the great bulk of their traffic is carried from St. John by schooners.

These schooners charge very low rates, but the parties getting goods by them are put to some inconvenience, owing to the distance which they have to carry the property from where it is landed.

No effort has been made to get this traffic for the railway, which could be done by quoting special rates from St. John, and the reason given for this is that the tariff which has been established has not been allowed to be departed from, on the ground that no special rates should be given to one place which are not given to others.

It is the practice of railway companies to meet water competition where it

arises, as in this case. It is done, in point of fact, between Halifax and Pictou, and between St. John and Point du Chene, where the rates for traffic brought by water are considerably lower than the ordinary tariff rates in force.

I see no reason why, by proper management, a portion of the business to which I have referred ought not to be secured for the railway.

EXPRESS CHARGES.

I find that the charges at present in force for the carriage of express matter over the railway amount to a very small sum indeed.

There are two expresses running over the line—one called Fishwick's Express, which runs from Halifax, and pays a

Gross revenue of	$1,681	44	per annum.
The other—the Eastern Express—running from St. John, pays	1,937	04	" "
Making a total of	$3,618	48	" "

The express companies are allowed to carry 1,500 lbs. weight per day, on which the above payments are based.

I do not think any check is made upon the weights they actually carry, and I believe the amount they really carry is considerably in excess of the authorised quantity. No contract is in force, so that the contract can be terminated at any time.

I have requested Mr. Carvell to ascertain, if he can, about what are the gross earnings of the Express Companies, and I then propose, as soon as that is ascertained, to make an arrangement with them similar to that which has lately been made by the Grand Trunk Railway, viz: to carry whatever weight they have to send without limitation as to quantity, but to require them to pay a percentage of the gross earnings they get from the business, as the railway proportion for doing the work.

If this was done, it would undoubtedly considerably increase the revenue. At present, I am quite satisfied the Express Companies are getting very much more than they ought to do.

TRAIN SERVICE.

I have carefully considered the present arrangement of trains, and especially the urgent demands which have been made for the running of a night train between Halifax and St. John.

The train service as it is at present, is amply sufficient for all the business that is passing over the road.

The general times at which the trains run are convenient, the speed is satisfactory, and there is no necessity at present, at any rate, for increasing the rate at which the trains are run. The present arrangements include one through train each way daily, between Halifax and St. John, running through by daylight, without any night train. The present trains leave Halifax and St. John at 8 o'clock in the morning, arriving at St. John at 8.30 p.m. and at Halifax at 8.40 p.m.

These trains give the necessary accommodation to the local business upon either end of the line, and give more facilities than are wanted by the amount of traffic at present between Moncton and Truro.

I have carefully considered the advisability of running an additional train at night, which is what has been urgently asked for. I have had taken out the total number of passengers who have gone between Halifax and St. John for the whole distance, from the 1st of January, 1873, to the 30th April, 1874, a period of sixteen months. The total is 7,385, or an average of 9 passengers each way daily.

I have also obtained a return of the number of passengers going between Halifax and St John, across the Bay of Fundy, and by the Windsor and Annapolis Railway during the same period. The total has been 6,517, or an average of nearly 8 each way daily.

This makes a total average daily number of passengers of not quite 17 each way, by the two lines. It covers, of course, the only two existing routes between Halifax and St. John, and it gives the whole of the traffic, except that which will always go to points in the States, from Halifax by water.

It is quite clear it will not pay to put on a second passenger train, to accommodate so small a traffic as 17 passengers each way a day, going by two separate routes; and there is no reason to anticipate that the putting on of a second train on the Intercolonial Railway would so increase the traffic as to enable it to be a paying operation.

The fact is that the traffic between Halifax and St. John is exceedingly small.

If a night train were put on in addition to the day train, the whole of the traffic would go by the night train, and the day train would be left solely for local purposes.

I cannot therefore recommend the running of *two* trains between Halifax and St. John.

In examining the sales at the different stations, I observed that the number of passengers passing from the New Brunswick line or the Nova Scotia line, on to the

new piece of line between the two, or *vice versa*, is exceedingly small, and that the traffic between Painsec and Truro in passengers is at present extremely light, and beyond what such a train at its present rate of speed requires. I therefore recommend that an alteration, according to the schedule which I have prepared, be made in the running of the trains, and that the through day train betwee: Halifax and St. John be withdrawn.

That a passenger train leave St. John every morning for Point du Chene, returning in the afternoon. That a train leave Halifax every morning for Pictou, returning from thence in the afternoon.

That on the arrival of those trains at Truro and Moncton, respectively, a mixed rain be run, during the day, along the Central District, doing the whole of the freight business, with a passenger car attached to each train.

These will be ample for the present business.

And to meet what is undoubtedly a want much asked for, a through night train, in place of a day train, be run between St. John and Halifax.

That night train would leave Halifax at a convenient hour in the evening, and would accommodate the local business all the way to Truro. It would pass over the Central Division during the night, reaching St. John early next morning and accommodating the business requiring to get early into St. John, at the stations between it and Moncton.

The train from St. John would leave after the arrival of the day train from Bangor.

It would accommodate the evening travel from St. John, and would arrive at Halifax at such an hour as would well accommodate the local business between that place and Truro in the morning. There is no intention, I find, on the part of the railway between Bangor and St. John to run a night train this year, as was the case last year, and therefore all passengers and mail matter, to and from Halifax, must lie over 12 hours in St. John, in both directions

By the arrangement I now propose this delay would be avoided, and passengers and mail matter would be expedited as between Halifax and Ottawa and all places in Canada, by 12 hours over the present arrangements. It would not add to the number of miles run daily by trains, would only slightly increase the expenses of working the railway, would give full accommodation to the local traffic, and undoubtedly be a convenience to the through business, and be calculated to draw more of it from the Windsor and Annapolis Railway than the present arrangements can ever do.

The only extra rolling stock that would be required to carry this plan out would be three sleeping or Pullman cars for the night service.

There are ample cars, both ordinary passenger and baggage cars, for the service, and I believe that arrangements can be made with the Pullman Co., if desired, to place, say by the first week in July, three of their cars upon the line, between Halifax and St. John, upon the terms usually charged to Railway Companies for similar services, and this would be all that would be necessary.

I think this covers the whole of the matters which may be considered relating to the general management of the line and the traffic arrangements.

I will now proceed to deal with the other departments.

ENGINEER'S DEPARTMENT.

As I have already stated, this department has at its head Mr. Alex. MacNab, the engineer of the line, with a salary of $2,400 a year, and he has two assistants, Mr. Gray and Mr. St. George, each receiving $1,200 a year. He has, besides, Mr. Mackenzie, a draughtsman and clerk, who receives $960 a year, and he pays half the salary of one of the clerks in the accountant's office, making a total amount of $6,160 as the cost of the engineering supervision.

In addition to this, there are a number of track-masters, in which department some reduction has quite lately been made.

The trackmaster on the western division is George Rannie, who receives $100 per month. He has had up to the present time an assistant, whose services, however, are about to be dispensed with.

On the central district the Roadmaster is Mr. Trites, who also receives $100 per month. He has had until quite lately an assistant, but the services of the latter have now been dispensed with.

The roadmaster on the Eastern Division is W. Faulkner, whose salary is $100 per month. He has under him three assistants, each of whom gets $2.25 a day. Two divide the road between Halifax and Pictou, a distance of 112 miles, and a third is upon the Windsor branch, 32 miles in length.

I am decidedly of opinion that the two asssistant Engineers, employed under Mr. McNab, are useless, and that their services ought at once to be dispensed with. They were appointed, as far as I can understand, more to satisfy claimants for office than for any other reason; but whatever the object of their appointment was, I am satisfied they were totally unnecessary.

All that Mr. MacNab wants, and I believe him to be quite competent to take charge of the permanent way department of the Railway, is a draughtsman whom he can send out to make any measurements that may occasionally be required, and to make plans, &c., and a clerk to keep the accounts of the office.

That will be an ample staff for the management of the Department, unless, which I do not anticipate, any very large amount of extra work should require the employment of temporary assistance.

I am also of opinion that one track master on each division is quite sufficient, and that no assistants should be allowed to any trackmaster.

I have carefully looked into this matter, and have formed a very decided opinion as to the merits of the men who are now employed.

They are all appointed by Order in Council, and the Engineer has practically no control over them—they knowing that he cannot remove them without an order of the Government for the purpose.

I am quite clear that this is a wrong position, and that no Engineer can successfully carry on such works, as Mr. MacNab is entrusted with, unless he has full authority to deal with the men, if he thinks they are not acting properly, or do not perform the duties entrusted to them, giving of course to them, the full right to appeal to the Department if any injustice is done to them.

Having carefully considered the qualifications of the men, I believe that G. Rannie, the road master on the Western division is a thoroughly competent man, and quite fit for his duties. He ought undoubtedly to be retained, but he ought to do the whole work without any assistance. The road is neither too long, nor the work too much for one man successfully to undertake.

The two assistants now under W. Faulkner, on the eastern district, I consider entirely unnecessary, and they ought at once to be dismissed. The distance is only 112 miles, and a competent man who understands his business, and who feels that i he does not do his duty properly, he will be promptly taken to task by the Engineer, can do that work without any difficulty or doubt.

But I am bound to say that I do not consider Faulkner is the proper man for the place, and I have no hesitation in recommending that his services be at once dispensed with, and some competent man put in his place.

That division is an important one, having the whole of the coal traffic upon it, and some portions of it are not in that satisfactory condition, owing to the want of

knowledge and energy on the part of the roadmaster, which I consider it ought to be.

I have the same general statement to make in regard to the roadmaster on the Central District, Mr. Trites. One good man is all that is necessary there, but I do not consider the present roadmaster properly qualified for the position.

I recommend, therefore, strongly that the Order in Council appointing roadmasters be abolished, and that the Engineer be allowed, under, of course, proper supervision, to select such men as he may consider best qualified to perform the duty of roadmasters, and that he have authority, if he finds they do not perform the duties in a satisfactory manner, to remove them, reporting the fact and placing other parties in their positions. I further recommend that the Engineer retain Mr. Fannie's services as roadmaster on the western division; that he place a man named McLellan, whom I consider to be a very competent man, in the place of Faulkner on the eastern division; and that he suggests, after consideration, some available and proper person to take the duty of roadmaster on the central division, in place of the present one.

CONDITION OF THE PERMANENT WAY.

I have gone very carefully over the whole line, and examined the condition of the permanent way.

I find that there are upon the entire line 5,951 feet of iron bridging, all built upon stone piers and abutments. They are in a satisfactory condition, but I recommend that every iron bridge be scraped and painted regularly at stated intervals. This has not been done so far, regularly. The consequence is that a good deal of rust is accumulating upon some of the bridges, and if this is not properly attended to, it will in time tend to weaken the structures. There are, besides these iron bridges, at present 3,813 feet of wooden bridging upon the line. Two of these bridges, of an aggregate length of 527 feet, are now being filled in with earth, culverts having been built to carry off the water. This will reduce, by the end of the present year, the aggregate length of the wooden bridging to 3,386 feet.

Some of these bridges are in good condition, having been renewed within the last few years. Others, however, require more or less repairs; and no doubt the cost of this work will, although not considerable, be a yearly item in the revenue charge.

Some of these wooden bridges rest upon stone piers, and some of the piers are not in a satisfactory condition.

There is particularly one bridge at the Nine Mile River, on the Nova Scotia line, which has 14 spans of timber bridging, upon stone piers. Six of these piers have all been entirely renewed with new masonry. One more has within the last few days broken down, and must be at once rebuilt.

All the others will require rebuilding within the next three or four years, the stone originally employed having been bad, and the foundations were evidently not well put in.

The superstructure of these bridges has comparatively lately been renewed, but I recommend that, when it has to be renewed again, iron superstructure be substituted. All the wooden bridges will require careful attention, but the expense of keeping them in order will not, I think, prove, annually, to be large.

The line from St. John to Point du Chene is generally in fair condition, and if the quantity of steel rails that have been ordered for this year are laid in the track, it will be in very satisfactory order by the end of the present year.

There are at present upon this part of the line (108 miles in length) 27½ miles of steel. 20 miles are intended to be laid in (the steel having been ordered this year) which by the end of the season will make the total length of the steel about 47½ miles, and leave about 61 miles of iron rails in the track.

It will not, however, be necessary to renew in steel the portion between Painsec and Point du Chene, a distance of 11 miles, so that by the end of this year there will be 50 miles of iron rails left in the main track requiring to be renewed with steel.

The line from Painsec to Amherst, which was built by the Eastern Extension Railway Co., and purchased by the Government, is all laid with iron. The length is 41 miles. The line from Amherst to Truro is entirely laid with steel, and when the ballasting, now nearly finished, is completed, will be in a very satisfactory condition indeed.

The line from Truro to Halifax is 61 miles in length. Upon it, at present, there are 7 miles of steel. It is intended to lay 20 miles of steel this year, the rails having been ordered, so that by the end of the year there will be 27 miles of steel and 34 of iron in the track. This will make a total mileage of iron rails at the end of this season, between St. John and Halifax, equal to 125 miles. The total quantity of steel in the same distance will be 151 miles.

On the line between Truro and Halifax there are 24 miles laid with what is called H rail, laid in cast-iron chairs at every sleeper. This is a most unsatisfactory rail, costing a great deal for maintenance, and being in every respect unsatisfactory.

It is the balance left of the original iron, with which the Nova Scotia Railway was laid.

I have told Mr. MacNab the whole of this iron must come out this year, as it is both unsafe in the winter and most costly to maintain.

He will use 20 miles of steel to take out that much of the old iron, and will bring from other parts of the line the best of the old rails which come out, so that by the end of the present year, the whole of those very bad rails and chairs will be entirely out of the road. There will still be nearly 7 miles of the same class of iron, in sidings, and this should all be taken out next year.

On the Pictou line, which is 51 miles long, there is at present 5 miles of steel, leaving 46 miles of iron—thus making the total quantity of iron rails which will be in the whole system at the end of this year 172 miles.

Having carefully gone over the whole system and discussed the matter thoroughly with the Engineer and Roadmasters, I am of opinion that it will require not less than 20 miles of steel rails per annum to be used for relaying the tracks, which will take the entire quantity of iron rails out in rather more than 8 years.

Twenty miles, I am sure, will do for the next three or four years, but if the old iron rails should wear badly, or the traffic should be heavier than I at present anticipate, it may be possible that after three or four years, the quantity may require to be somewhat increased.

Very little ballasting has been done during the last few years upon the old portions of the line. Some is, however, now being done, and if what is proposed is carried out, the road will be in a satisfactory condition as regards ballasting by the end of the present season. But it will be necessary always to spend from $5,000 to $10,000 a year for some years to come, in ballasting portions of the line where damages take place from winter weather, or where the cuttings are bad and wet.

I strongly advise that very careful attention be paid to the drainage of the line, especially in all cuttings; and I think it would be advisable, where rock cuttings exist, which they do at several places, to have a quantity of stone broken up and taken to the worst and wettest cuttings, to be placed in the bottom, so as to raise the track out of the mud and give them a fair chance for drainage.

This will not be at all costly, but will undoubtedly add to the permanence and solidity of the road.

There will be for some years to come, especially on the new parts of the line, more or less running, both of cuttings and embankments, until they have all become well solidified.

FENCING.

The fencing upon all parts of the line is in fair order, except between Moncton and St. John. This is in a wretchedly bad state, having been entirely broken down and decayed by the lapse of time; very little work indeed having been done to it since the road was first built.

I am informed that a contract has been let for this fencing, but hardly anything is being done, and the season is rapidly passing away. The man to whom it is let I know to be a very unsatisfactory contractor,—he having built some stations for the Intercolonial Commissioners,—and I feel very great doubts as to whether this important work will be completed this year.

Great risk is being run of accidents from cattle straying on to the track, and considerable sums have to be paid for cattle which are killed, but which fortunately, so far, have not thrown any trains off the track.

I strongly advise that if the Engineer reports that the contracter is not making proper progress, the work be done either directly by the Government, or that other and responsible parties be employed to do it.

SLEEPERS.

In regard to sleepers I find that the total number now in the track, including sidings, is rather under 800,000.

From the date of the amalgamation, that is, the opening of the Central district, on the 9th November, 1872, up to the close of the present year, there will have been renewed 315,000 sleepers, or more than one-third of the whole.

At the end of this year, the condition of the sleepers generally will be in very fair condition, and it will not require, in my judgment, more than an average of about 100,000 a year in future, to keep the line in a proper and satisfactory condition.

The very large number of sleepers required since the lines were connected together arises from the small quantity that were renewed by the separate roads previously.

Thus it appears that the total number of sleepers on the Nova Scotia roads—145 miles in length—was about 337,000, of which only an average of 32,892 annually were renewed in the five years preceding the amalgamation.

And as regards New Brunswick, there are on the 108 miles, 251,000 sleepers, and during the five years previous to the amalgamation only an average of 14,874 were renewed in each year.

The sleepers on both roads were therefore in a very bad condition, and it has

required the large number to which I have referred, during the last two years, to put the road in a satisfactory condition.

SIDINGS.

With the addition of the slight recommendations which I have made, of the few additional sidings wanted, the siding capacity of the line will be ample for all purposes.

On the western division there are 98 sidings, being an aggregate of 18 miles, or about 17 per cent. of the total distance between St. John and Point du Chene.

On the Central division there 48 sidings, which are about equal to 7½ miles, or nearly 7 per cent. of the total length of railway. This, for the traffic on that district, is ample.

On the Nova Scotia district there are 98 sidings, of a total length of about 13 miles, and being about 13 per cent. of the length of the main line between Halifax and Pictou.

The siding accommodation with what I have now recommended will, in my judgment, be ample for a considerable increase of traffic beyond what already exists, and no further sidings should be put down without a special report from the Department, confirmed by whatever independent authority may be deputed to supervise the whole concern.

In addition to the ordinary sidings, there are several branches, viz., the Spring Hill branch, which I have already referred to, the Londonderry branch, 2⅛ miles long, and which has been built on the same terms and conditions as the Spring Hill branch.

There are also the

Dorchester Branch	.....	4,700	feet.
Sackville "	....	2,400	"
Newport "	(on the Windsor line).....	3,500	"
	Total	10,600	"

Both the Dorchester and Sackville branches will be probably of some convenience to the localities in which they are situated, but their tendency will be to diminish the traffic upon the railway, by causing it to be shipped at those points, instead of taking it to the ordinary shipping places which exist at the *termini* of the railway.

The policy of making these short branches is, in my judgment, very questionable, especially as they are very inconvenient and expensive to work.

STOCK OF OLD RAILS.

There is a much larger stock of old rails kept on hand than I think is at all necessary.

There are at present upon the line 2,500 tons of old rails, about 1,000 of which it is now proposed to sell.

3,600 tons of steel rails are coming out this year, which will of course, add that much at least to the stock of old rails on hand, so that practically, it may be said that during this year there will be a stock of 6,000 old rails to dispose of, and, of course, year by year, as steel is imported, further old rails will be available for sale.

200 or 300 tons at the outside, per annum, is all that will be necessary for any sidings that may be required, and 500 tons of good rails distributed over those portions of the line which are laid with iron will be quite sufficient for the repairs which are necessary in winter.

I am, therefore, very strongly of opinion that the stock of old rails should be disposed of much more rapidly than has been the case hitherto, as there is no necessity, in my judgment, for keeping so large a quantity on hand.

The Intercolonial Railway between Bathurst and Moncton will require some rails for sidings, and I have told Mr. Schrieber to take 300 tons of old rails now on the open lines for that purpose.

This, of course, will be equivalent to the sale of that quantity.

MEN EMPLOYED ON TRACK.

I have gone carefully into the question of the number of men employed upon the line for purposes of maintenance, and I am quite satisfied that by proper arrangements very considerable reductions can be made in this direction. The sections should be, I think, for the amount of traffic upon the line, not less than six miles in length, and where those sections are laid with steel, they should be properly attended to, I think, by a foreman and two men. Where the rails are of iron, a somewhat larger number of men will be required for each section until steel is laid upon them.

I have gone very thoroughly into this matter with Mr. MacNab, who entirely concurs in the views which I have expressed, and he undertakes, if he is allowed proper men as roadmasters, and is given sufficient control over them, fully to carry out what I have stated.

One difficulty in the proper working of the permanent way department hitherto has been the want of proper arrangement in the supply of material required.

All sleepers should be got out during the winter and deposited at convenient spots along the line, not later than the middle of April. They should then, as soon as the frost is out of the ground be distributed over the line, and instead of employing a large number of men to put them in hurriedly, the work should be as evenly as possible divided over say four or five months, so that the work can all be done by the regular sectionmen without the necessity of employing extra hands.

The same remark applies to rails. Rails have been got most irregularly.

In the fall of every year it should be decided precisely what number of tons of rails are to be ordered for next year's use. Thus, rails (say for instance 20 miles are decided for next year) should be ordered—the delivery of them to commence, part at Halifax and part at St. John, not later than the 1st May. By distributing them properly over the line, they would all be laid in during the summer months.

There is no necessity to do it hurriedly. It would be better done if done quietly and systematically, and be accomplished with a much smaller number of men than if attempted to be done in a hurry.

At the present time, although 40 miles of steel rails have been ordered for the present year, not a single rail has yet arrived, and there is no advice of any shipment having yet been made. The result will be that the whole of the rails will come out about the middle or the end of the summer, and a large gang of men will have to be employed to get them in before the winter, so that they may be properly packed; instead of their having come out by degrees, commencing early in the spring, and allowing the regular staff of men to put them in leisurely and quietly through the summer, as part of their ordinary work.

I am of opinion that if the plan which I have here explained is carried out, thoroughly and heartily, as I believe it will be by Mr. MacNab, if the proper authority and facilities are given to him, a very large reduction indeed will be made in the cost of the permanent way department, and that an amount not exceeding $300,000 a year, for the permanent way department, including 20 miles of steel rails per annum, will be amply sufficient for all that ought to be done, to keep the railway in an entirely satisfactory physical condition.

RAIL PURCHASES.

About 2,200 tons of steel rails were purchased and laid into the track in the year 1873, and about 3,600 tons, to lay 40 miles of the line with steel rails, have been purchased for this year's delivery, and are expected to arrive during the summer.

The rails for both years were purchased by Mr. Carvell, he having conducted the correspondence himself, according to the letters which he has shown me.

The purchases for both years have been made from Messrs. John Hawes & Co., 42 South John Street, Liverpool.

They are, as I understand it, ship-brokers in Liverpool, having no special knowledge of the iron or steel trade, and have therefore had to act, I presume, through other parties in carrying out the orders entrusted to them.

Part of the rails purchased for last year were laid upon the line between Halifax and Truro, and part upon the line between St. John and Moncton.

All the rails were brought by vessel to St. John instead of a part being delivered at Halifax.

The rails were purchased at two prices—a part at £16 12s. a ton, and part at £17 10s. a ton.

They were all punched for fish plates, and the fish plates, which were of iron, were charged, part at £14 10s., and part at £15 a ton.

The bolts and nuts, which were also of iron, were shipped at £30 a ton. The parties purchasing, viz., Messrs John Hawes & Co., charged a commission of 2½ per cent., and having examined the bills, I find that their commission and all charges, including freight and insurance to delivery at St. John, was £1 12s. sterling per ton.

Those rates—both the original price, and the cost of freight and insurance—were higher in my opinion than they ought to have been.

The highest price paid last year by the Grand Trunk Railway Co. for steel rails, bought at the same time as these were, was £16 a ton.

The fish plates were worth, not to exceed £12 a ton, and bolts and nuts were purchased by the Grand Trunk Co. at the same period for £24 a ton.

The cost of getting the rails to Montreal last year was from 28 to 30 shillings a ton, as against the price of 32 shillings which they cost to St. John.

The rails for this year have been purchased in the same way, through Messrs. John Hawes & Co. 1,760 tons were ordered for St. John, and a letter from Messrs. Hawes & Co. to Mr. Carvell of the 11th December, 1873, states that the quantity has been placed at the price of £15 10s. a ton f.o.b. in Liverpool, and a second letter dated 22nd January, 1874, advises that the 1,760 tons for Halifax have been placed at £15 15s. per ton f.o.b. at Liverpool.

You will remember that, acting upon your instructions, in the early part of the present year, I ordered 3,000 tons of rails to complete the balance of the Intercolonial Railway, and which were placed, delivered at St. John, at £15 10s. a ton.

Assuming that the cost of getting the rails this year from Liverpool to St. John and Halifax is the same as it was last year, by Messrs. Hawes & Co., the cost of delivering the rails will be higher by £1 15s. a ton than those which I ordered for the Intercolonial this year.

There can be no doubt that in the purchases of these rails for 1873 and 1874 the cost has been from £9,000 to £10,000 sterling more than it should have been, if proper arrangements had been made for the purchase.

Of course the extra price paid for these rails will be so much added to the cost of working, and increase to that extent, the loss incurred in the working of the railway.

Last year rails were ordered with the ordinary fish plates, but the rails for this year were ordered to be made for "clips." I am clearly of opinion, from long experience, that the clip does not make a satisfactory joint, and that it is far inferior in every respect to the universally adopted fish-plate.

In this opinion, both Mr. MacNab and Mr. Schrieber entirely concur, and I therefore directed Mr. Carvell to cable to England to have as many of the rails as possible made for "fish-plates" instead of for "clips." The difference in comfort of travelling and in wear and tear is very great in favor of the fish-plates.

LOCOMOTIVE DEPARTMENT.

The Locomotive Department is under the charge of Mr. H. A. Whitney, with a salary $1,800 a year.

The shops at Richmond are under the charge of Mr. Johnstone, and there is a considerable staff of foremen at the main works at Moncton, and a foreman at each of the out-stations, viz: St. John, Point du Chene, Pictou Landing and Truro.

I have examined the locomotive stock, and have received a certificate from Mr. Whitney that the whole of the engines shown on the list are on the line.

The total number is 72, of which 36 have been placed upon the line since the beginning of the year 1870, and six more are now under completion at the work-shops at Richmond, being those which were not finished by the original contractor, Mr. Montgomery. These 36 have all been obtained from good makers, viz:

Dubs & Co., of Glasgow.
The Portland Company.
Grant Locomotive Works.
The Baldwin Locomotive Works.
Danforth Locomotive Works.

There are also five engines built by the Canadian Engine and Machinery Com-

pany in 1867 and 1869, which are in good order and will answer well for a considerable number of years, so that when the Montgomery engines are completed, there will be 47 engines upon the line, all in good order, and of comparatively recent manufacture. These engines, in point of fact, are now doing almost the whole work of the railway, the older engines being used for very light work, or for shunting purposes.

Of the older engines, five were supplied by the Boston Locomotive Works, from 1854 to 1857. These are all poor, some of them very small, and are not worth spending money upon repairing them.

There are also five engines built by the Portland Company, and delivered in 1858 and 1859, the boilers of which are in an unsatisfactory condition, and are not worth repairing.

There are also eight engines built at St. John, the oldest of which was put on the line in 1856. Some of them are still good, but the oldest are not worth repairing.

There are also ten engines supplied by Neilsons, of Glasgow, between 1857 and 1859.

These engines are 16" × 21" cylinders, of an old fashion, but with very good boilers. It will probably be found worth while keeping most of these, where the boilers are in a satisfactory condition, to use them for light work upon the lightest portions of the line.

But the old engines supplied at St. John, by the Boston Locomotive Works, and by the Portland Co., ought to be put aside and no money spent upon them.

The total number of engines at present required for the daily traffic of the line is not quite 40, so that it is clear there is ample engine power, without using any of the old engines to which I have referred. Of course, if the gauge of the road is changed, these are the engines that would be broken up and sold.

CAR STOCK.

In regard to the car stock, an inventory was taken in the early part of May. I have seen the party who took the inventory, and have every reason to believe that it was correctly taken.

The result of that census is that all the passenger cars, first-class, second-class, and baggage, are upon the line, including those which are in the shops being repaired and rebuilt.

In regard to freight cars, I found 13 were missing, which evidently did not exist at all.

In addition to this, there are, as nearly as I can ascertain, about 20 freight cars which are condemned, or are so far decayed that it is of no use attempting to repair them, so that from 30 to 35 cars, part box and part platform, will have to be gradually rebuilt, to put the stock in the condition as regards numbers that it was in originally.

Considerable expense is now being incurred in rebuilding and repairing the passenger car stock. Four passenger cars are now in the shop at St. John receiving what is equivalent in some cases to an entire rebuilding. When turned out, they will be in first class condition.

There are five in the shop at Moncton undergoing similar repairs, and there are four at Richmond being treated in the same way.

All these cars will be completed by the end of July; when the passenger car stock will generally be in a good condition, although for the next year or two there will be considerable outlay required for painting and renovating some of them.

FREIGHT CAR STOCK.

In regard to the freight car stock, there are, as I have already said, between 30 and 35 to be entirely rebuilt, to supply either absolutely missing cars or cars that are in a condition which renders it unwise to attempt to repair them.

There is also a good deal to be done upon the older cars, and which will require the outlay in this department to be tolerably heavy, in all probability for the next two or three years.

On the New Brunswick road there were not the facilities in existence for the proper repair of either locomotives or cars. The consequence was, that not a sufficient amount of money was expended upon them, and they fell necessarily into a delapidated condition.

A good deal has been done, during the last year and a half, but much will still require to be done.

The cars that are being built appear to have been built both substantially and upon a correct pattern.

The endeavor now is, very properly, to get the stock, as rebuilding goes on, into one uniform pattern, which will tend materially ultimately to diminish the cost of working.

The engine drivers employed in the Locomotive Department are all paid by the month, and not, as in my opinion they should be, by the trip.

The ordinary practice is to pay each driver and fireman so much a trip. He thus gets paid only when he is employed.

The men in the shops are paid by the hour. If they lose one or two hours they

lose so much pay, and I know of no reason why drivers should not be placed in the same position.

Of course when drivers are paid by the month, and their engines are in the shops for repairs, they are either doing nothing for which they are being paid, or they are to some extent uselessly employed about their engines in the shops, they not being as a rule mechanics.

The result of paying men by the month is that there are a larger number of drivers than are required to work the traffic of the railway.

The total numbers of men of all descriptions, employed in the Mechanical Department are as follows:

At Moncton	198
" Richmond	180
" St. John	76
" Out Stations	27
Total	481

I am quite satisfied that this staff is larger than, under proper arrangements, is necessary for the working of the system.

In going through the different shops, it appeared to me that there was a considerable lack of energy in the way in which the work was carried on, evidencing, to my mind, a want of that proper supervision which is essentially necessary in so large an establishment.

I do not consider that the arrangement in regard to the supplying of fuel to the engines is correct.

There is no proper system of measuring what each engine gets, and therefore there can be no proper control or supervision over the amount of work which each driver or each engine ought to do. Fuel is taken at too many places. There is no necessity for having so many stations at which coal is supplied to engines.

I am quite satisfied that it is cheaper in that district to burn coal entirely than, as is now being done, to burn part coal and part wood.

No more wood should be purchased, but the stock that is on hand should be used as quickly as possible. Then, every engine should be made to use coal, and that should be supplied only at certain regular places, and proper arrangements made for measuring exactly the quantity given to each engine.

It will be necessary, of course, to take coal to St. John, but there can be no necessity for having a supply of coal between St. John and Moncton.

If coal is taken from Spring Hill, it will be desirable to have a supply at the junction with the branch to the mines, so that engines can take coal in passing. The same plan should be adopted at Stellarton or New Glasgow, when it is decided which mine the coal is to be taken from.

A supply, of course, will be required at Halifax and Truro, and a small quantity at Point du Chene.

Now, there are coal sheds scattered all over the line, in whi . al is placed at considerable cost, and where it is not very often required to be used.

I carefully enquired into the question of the relative qualities of the coal supplied by the Spring Hill mines and at Pictou. There can be no doubt whatever that the Pictou coal, so far, is very far superior to that at Spring Hill. I not only asked the Mechanical Superintendent particularly about this, but spoke myself to several of the drivers, and the universal testimony was, that the Pictou coal, for locomotive purposes, was at least 20 per cent better than the Spring Hill coal. I arrived at this percentage by taking the result of the quantity burnt by the drivers, as they gave it to me, on their several trips, with similar loads and with the two classes of coal.

The price charged by the Spring Hill Colliery is $3.75 a ton, and by the Pictou, Coal Co., $3.25. Both these prices I consider excessive, and I have no doubt whatever that arrangements can be made to get this coal supplied at least $1 cheaper a ton than the lowest price which I have named.

I have every reason to believe that coal is being shipped at Pictou, now, at $2.50 a ton, and I feel quite satisfied that I can make arrangements to get all the coal that the railway wants at not exceeding $2.25 a ton.

This will make a very important saving in the working of the Locomotive Department, if it is effected.

I consider the shops and machinery now at Moncton to be in every respect suitable for the purposes for which they were constructed.

The shops have ample capacity to repair properly and economically all the stock that now exists upon the railway. In my opinion Moncton is the proper position at which the repair shops ought to be placed, and I am equally of opinion that there is no necessity for having repair shops at more than one place, for the length of the railway which has to be worked.

I say this, not only with reference to the existing state of matters, but looking to the fact that in a short time a considerable length of railway will be added north of Moncton, the repairs for the stock upon which will have to be effected at Moncton

It is obvious to me that all the stock upon the line south of Newcastle will have to be repaired at Moncton, and the shops there are designed for the purpose of accomplishing that object are sufficient for the purpose, and there is no necessity for having any other shops for the work.

There will be engine houses at Campbelltown, at Metapedia, and at Riviere du Loup.

There will be working, after the road is finished, between Newcastle and Riviere du Loup, twenty engines. A very small running repair shop at Campbelltown will do all that is necessary to keep those engines in a proper condition of repair, by sending any that require heavy repairs from time to time to Moncton. The existing repair shop at Richmond, according to my judgment, is unnecessary, and is causing a useless expenditure of money.

The depot at Richmond in which the repair shop is situated is of exceedingly small dimensions, and owing to the nature of the ground, consisting of hard rock, it cannot be increased, even at a very extravagant outlay indeed.

Moncton, on the other hand, has obtained at a small cost a large area of ground, perfectly level, requiring no outlay for grading, and upon which almost any extent of shops that may be ultimately required can be placed. It is situated ninety miles from St. John, about 280 miles from Halifax, and with the lines to Point du Chene and Newcastle, will have about 180 miles north and west of it, and about 230 miles east of it. It will, therefore, be as nearly as possible in the centre of the system. It can easily be reached from all, and will be not so far from the distant parts of the line as is the case upon almost all the large railways upon the continent of America.

I have gone carefully over the pay sheets at Richmond and at Moncton, and I find that the rate of wages for mechanics actually paid at Moncton is decidedly lower than at Richmond, and the foreman at Richmond told me that his men were complaining and threatening not to remain unless their wages were increased.

I find also upon a careful examination of the prices at which stores have been hitherto supplied, that the rates are a good deal lower at Moncton than at Richmond.

I have examined the accounts before the contracts now in force were accepted, and in every case the prices charged by the Halifax merchants were higher than those in St. John. This applies to iron of all sorts, as well as to other things.

I then went carefully over all the tenders that were sent in, when the contracts were last accepted, and amongst other things I found the following results:—

The prices tendered for at St. John were lower than at Halifax, for engine and car springs, by $\frac{1}{4}$ to $\frac{1}{2}$ per cent. per lb. Iron was $\frac{1}{8}$th cheaper per lb. at St. John than at Halifax. Lowmoor bars were 1 cent a lb. cheaper.

Staffordshire boiler plate ½ cent. Lowmoor boiler plate 1 cent.

In the case of iron castings, the prices tendered for at Halifax ranged between 3¼ to 4½ cents a lb., whilst at St. John they were from 2¾ to 3¼ cents a lb. Nails and spikes were also cheaper at St. John than Halifax, by from ¼ to 1 cent. a lb.; and as regards lumber, the prices of the four classes of lumber tendered for at Halifax and Moncton, respectively, per 1,000 feet were as follows:—

	Halifax.	Moncton.
No. 1.....	$32 00.....	$28 00
" 2.....	16 00.....	12 00
" 3.....	18 00.....	14 00
" 4.....	$11 50 & 12 50.....	$8 50 & 7 50

The prices delivered at St. John were intermediate, between those tendered for respectively at Moncton and Halifax.

On the whole, therefore, I have no doubt that the cost of working both as regards the price of the material supplied and the labor employed in working it up is cheaper at Moncton than at Halifax.

I have no doubt, also, that the concentration of the whole work of repairing at one place instead of two, would effect a considerable money saving, besides securing entire uniformity of plan, and having everything done upon one uniform standard.

I am of opinion that the actual saving in money by the concentration of the work at one place would amount yearly to from $20,000 to $25,000.

I am bound to say that having very carefully considered the question of the organization of the mechanical department at present, I consider it to be both expensive and inefficient. The mechanical superintendent, Mr. Whitney, although at the head of the entire establishment, has apparently but very little, if any, control over what is going on at Richmond and other places. There are practically two superintendents at work, each acting independently, and spending, therefore, in the aggregate, very much more money than ought to be spent.

I do not consider that Mr. Whitney has the necessary experience or force of character for the position which he fills. He is not a mechanic; has never gone through the shops, in the proper sense of the word; and is in fact learning his business at the expense of the railway; nor does he appear to me to have the necessary qualifications for a Superintendent, and I am satisfied that a different class of man, brought up to the business, and having regularly served his time, both in the drawing office and in the shops, who had filled the position of Locomotive Foreman, would make large reforms in the Department, have the work better executed, and at a considerable saving of expense.

STORES DEPARTMENT.

This Department, I regret to say, is in a most unsatisfactory condition, and the worst of any which I have examined.

The system upon which it is worked, at present, is as follows:

The head office is in the general building at Moncton.

The head of the Department is Mr. Sadler, who has a salary $1,200 a year.

Under him are two clerks in his own office, and two others in the stationery department, the aggregate salaries of the four being $2,300 a year.

At the Moncton store there are three, with salaries aggregating of $1,160. At St. John there are three, with an aggregate salary of $1,900, and at Halifax there are five, with salaries aggregating c $2,805.

Then, there is the fuel agent, whose salary is $800 a year. This last, whose name is Blanchard, is entirely unnecessary. He is of no use, and does not understand the work he has to do. His services should be dispensed with without delay.

The system upon which the Department is worked is as follows:

Both at Moncton and Richmond the stores are practically under the control of the locomotive foremen.

They direct what is to be ordered, and no one, as far as I can ascertain, exercises any check or control over them, as to what they do order.

They make out their order; it is signed by the storekeeper on the spot; is sent to the head office; and Mr. Sadler then makes out an order for the goods. It is countersigned at once by the Superintendent, and goes at once to the tradesman, without any kno as to the necessity for its being ordered.

ad office, there is no ledger account kept of each article, and therefore r has not the smallest idea, if he is asked to order a ton of iron or anything e whether what he is ordering is already in the stores or not. It will presently be seen what result necessarily follows from such a system.

Mr. Sadler knows nothing about the articles used on the railway. He has no practical knowledge whatever upon the subject. He is evidently nothing of an accountant, and is, without exception, the most inefficient storekeeper I have ever come across.

The cost of managing this Department is enormous.

By proper arrangements it could be reduced by more than one-half, and I have

no doubt that by judicious and energetic arrangements, the stock of stores required can be reduced to at least one-half of what they stand at present.

I asked for a statement of the stores on hand and of the issues during the twelve months ended 30th April, 1874. The following statements were handed to me:—

First.—The value of the stock on the 30th April, 1874.

Halifax	$ 66,692 76
St. John	5,396 68
Moncton	90,156 88
Wood	31,402 60
Coal	19,906 87
Stationery and tickets	18,890 77
Track	115,763 04
Stations	7,795 20
	$356,004 80

The stock of stores proper, viz., the three first items, amounts to $162,246.32.

The issue of that description of stores, for the year ended 30th of April, 1874, was $267,266.18, so that there is in store between seven and eight months' supply, of all the articles that are used in carrying on the business of repairing engines and cars.

This is, at least, double what it ought to be, and I am quite satisfied that by proper arrangements a stock, equal in the aggregate to two months' supply of the whole articles used, would be amply sufficient, considering the facilities which exist for getting whatever is wanted rapidly, both from England and the United States.

The ports of Halifax and St. John are open to the sea all the year round, and there is no difficulty in getting promptly, therefore, everything that is required.

I then obtained a list of the articles, comprising the stock of stores, and after a good deal of trouble received it in a not very satisfactory condition.

The stock of stores according to the books at Halifax should be	$66,692 76
The actual stock, as shown by the list of articles in store, with the prices at which they were being issued applied to them, amounts to	61,871 13
or nearly	$5,000
less than the books called for at the head office.	

4

At St. John the value in stock according to the books is.	$5,396 68
whilst by the stock lists handed to me, it is made to be....	9,595 53
or upwards of.....	$4,000
more than the books called for.	
At Moncton the books show the stock to be.....	$90,156 88
whilst the stock list handed to me shows the value to be...	89,766 53

The aggregate of the three show a variation of not quite $1,000.

No store accounts that are properly kept should show such a variation as this.

The values of the articles on hand should always exceed what the books call for, and if the books were properly kept, and the work was properly managed, this would be the case here,

In regard to wood and coal, there is no statement of where the wood and coal are. It is of course, somewhat difficult to take stock which is so constantly changing, but I am rather inclined to the opinion that when all the wood has been served out, there will be found to be an amount somewhere which will have to be written off

The Stationery and ticket stock I fancy to be about correct.

In regard to the track stores, amounting to $115,763,04 I could get no explanation whatever. The books relating to this matter in the storekeeper's department, were four months behind, and they will take some time to write up so as to give me a list of what that stock consists of. The explanation given of this is, that the man who had charge of the work got drunk and was discharged some time ago, and his work has not been brought up.

I expect to get, probably before I close this report, an approximation of what the stock consists of, but I need hardly say that this state of matters is unsatisfactory in the highest degree.

The stock at stations, amounting to $7,795.20, ought never to be there at all. It involves an amount of book keeping which is entirely unnecessary, and the amounts are all less than $500, and in one case as low as $9.50. It is absurd to keep 60 accounts, as is done in this case, for so useless a purpose.

The true plan to adopt in regard to these stations is to make them send a requisition on a specified day once a fortnight. The Assistant Superintendent, or whoever has charge of the actual working of the stations, should go over those requisitions, and, after being satisfied of their necessity, initial them, upon which the store keeper should send out once a fortnight, on a specified day, in a car specially appropriated for that purpose, and in charge of one of his men, the stores to be given out at each station that they stop at. In this way, and by the

Superintendent from time to time in his visits to the stations seeing how stores are disposed of, a perfect check would be obtained upon their use, and an immense and useless amount of book keeping be got rid of. I pointed this out to Mr. Carvell, and he at once gave directions that this plan should be immediately put in practice. It will save money as well as future labor.

That this is obvious is quite clear when I mention that the stock of stores at stations is given at $7,795.20, whereas the total issues for a year to the stations are only $16,039.02.

I have now to explain the position in which I found matters, on an examination of the store books at Richmond and Moncton.

I first examined Richmond, and taking the list of articles on hand, turned to the ledger in all those cases where there appeared to me to be a larger stock than ought to exist, when the following facts appeared:—

In the item of brass castings, there was on hand on the 1st July, 1873, 6,979 lbs. in the store. On the 30th May, 1874, the stock had run up to 9,639 lbs., being an increase of more than one-third in that time. The consumption in the same period was 6,190 lbs.

In the item of iron the stock was also unduly large, being about six months, supply, when it should not have been more than a month.

In the item of Low Moor iron, the stock on the 1st July, 1873, was 9,305 lbs., and on the 31st May, 1874, it was 21,741 lbs.

The quantity used in that time was 12,000 lbs., so that now there is 21 months, supply on hand.

In sheet iron, the stock on hand was 4,790 lbs. in July, 1873, and 10,066 lbs. in May, 1874.

In boiler plate, it had risen from 27,927 lbs. in July, 1873, to 47,655 lbs. in May, 1874.

At the present rate of consumption this will give them about four years supply on hand.

In iron castings, the stock had risen from 113,488 lbs., in July, 1873, to 152,797 lbs., in May, 1874, which, at the rate of consumption that has been going on, would give them nine months' supply on hand.

In cast steel, in the same way, the stock had risen during the same dates from 4,190 to 6,531 lbs., and in spring steel from 4,704 to 5,451 lbs., the consumption being only about 2,500 lbs. per annum, so that in that item they have now a two years' supply on hand.

But the most remarkable item which I discovered was a quantity of car and engine springs, purchased from Messrs. Fraser, Reynolds & Co., and delivered into the store on the 1st December, 1873: 180 springs were delivered in all, of which 19 exactly have been used up to the present time. The stock that was got in of that particular article is sufficient to last for the next five or six years.

I asked for an explanation why, with so large a stock in hand, of the articles which I have mentioned, and which I take as samples of the store, further orders were being sent out, because I noticed that during the first few days of June, considerable quantities of those very articles which I have referred to were being delivered under a contract which had been let.

The reply I got from the storekeeper was that he only ordered them upon the requisition of Mr. Johnstone, the Locomotive Superintendent, and the orders of Mr. Johnstone for these goods were shown to me as evidence to that effect.

I of course called Mr. Johnstone's attention to the matter, and asked for an explanation, but he could give nothing that was in the least satisfactory.

I then enquired, seeing how large the stock was, what further orders were in the hands of the contractors for iron, and which had not, up to the time I asked for the information, been delivered.

The reply I got was that they had orders for twenty-two tons, which had not been delivered, but all of which would be delivered before the end of the month. The contract which was given out in the winter was to run to the 30th June, 1874, and the principle of it was that no goods were to be supplied, except upon orders which were to be given as the goods were required. That is, if no orders were given, no liability would be incurred, but that the contractor would keep such a stock on hand as, if orders were sent to him, he would be able to supply the goods. It is quite clear that this plan has been entirely disregarded, and that goods have been ordered, probably by great pressure from the contractor, and not because they were wanted for the purposes of the railway.

I asked Mr. Sadler for an explanation as to why he gave out orders in this way, and his answer was, that he received the orders from Richmond, which came through the regular channel, signed by Mr. Johnstone, but as he had no knowledge himself of what was in the store, or what the requirements were, he simply made out the order as it was upon the requisition, and forwarded it to the contractor, first submitting the orders to Mr. Carvell, whose initials in all cases I understand were put to them.

Mr. Carvell appeared to be equally ignorant with Mr. Sadler, as to what was being ordered or delivered, until I called his attention to the matter, in making the investigation which I did.

Finding that 22 tons more were coming in, which clearly were not wanted, he telegraphed to the store-keeper at Halifax to countermand the orders, and to explain why such large quantities had been ordered.

The whole matter is extremely unsatisfactory, and I confess to being not quite clear as to the reasons which have induced this most extraordinary ordering of articles which were evidently not wanted.

I then examined the Moncton store books, with somewhat similar results.

In the item of iron at Moncton, I found the stock had risen from 43,662 lbs. in July, 1873, to 99,815 lbs. at the end of May, 1874, being an increase of 56,153 lbs. The total consumption of iron in 11 months was 216,000, so that nearly six months' supply was on hand on the 31st May.

Contracts were out in this case also, with a firm in St. John, who had delivered in two months, between the 8th April and 10th June, 87,880 lbs., nearly all of which apparently ought not to have been ordered.

In boiler plate, the stock had risen from 4,779 lbs. in July, 1873, to 22,871 lbs in May, 1874; the consumption of 11 months having been 10,278 lbs.

Castings in the same way had increased from 53,000 lbs. to 109,763 lbs.

In sheet iron there was a stock for car roofing, sufficient to complete 30 box cars, whilst there were only 12 cars actually building.

Here, as at Richmond, the stores are virtually under the mechanical superintendent, who makes out the orders for what he wants, and the store-keeper, in fact, instead of being a check upon him, is merely his clerk in issuing orders for what he says he requires.

Both at Richmond and at Moncton it appears to be quite clear that there must be some pressure brought to bear by the contractors to have the orders issued, as I can hardly conceive it possible that any man with a grain of sense in his head would go on issuing orders for articles which he knew perfectly well he could not use for months to come.

In regard to castings, it is quite true that, owing to the variety of cars upon the line, they want more than would be the case if all the cars were of one pattern; but this in no degree accounts for the exorbitant stock which they have on hand.

They give another reason for their stock, which is, that under the contracts which have been accepted, they have to get their supplies from four different places.

They have to send their patterns about, and are thus delayed in getting supplied. This is to some extent true, and is unquestionably a very bad plan.

Castings should always be made and supplied at the place where the work is being carried on. One set of patterns would of course then suffice, and whenever a particular article was wanted, it would only be necessary to send the pattern to the foundry, and in the course of two or three days, at the outside, the article that was wanted would be supplied.

Now, having taken tenders and accepted contracts, part at St. John, part at Moncton, and part at Halifax, it follows that there must be great delay in sending the patterns about as articles are wanted, and in getting the goods from the foundry.

I very strongly advise that, there being a very good foundry now at Moncton a contract be made with a party there, for the supply of the castings that are required, which will save more than one-half of the stock that is now on hand, and will prevent the waste of time involved in waiting for castings after they are ordered.

The price of castings is very easy to regulate. We know perfectly well what the labor and expenses in making them are, and after these, the prices depend absolutely upon the price of pig iron.

I have no doubt whatever that a contract can be made with the very good foundry which exists at Moncton, to supply castings on fair and reasonable terms, This will obviate a very large difficulty which now undoubtedly exists, and will tend materially to reduce the quantity required to be kept on hand.

The present system of getting tenders wants entire revision.

I regret to have to make so very unsatisfactory a report about the stores, but it is beyond all question the most unsatisfactory department of the service.

BOUNDARIES AT STATIONS.

On some parts of the line the condition of the boundaries of the stations is in a very unsatisfactory condition. My attention was called to several instances in which undoubted encroachments had been made upon the Government property.

For instance, I will mention an evidence of what I refer to.

At Elmsdale, buildings had been erected, one of which is used as a grog-shop, opposite the station, upon the Government lands, and the owner of the building refuses all suggestions made to him to remove his buildings.

He claims, I understand, some right or title given him by some former Government in Nova Scotia, and sets everybody who goes near him at defiance.

At Windsor Junction there is another case quite as bad. It seems, some time ago, a siding was required to accommodate the traffic there. The siding is laid in, and nearly completed, but a portion of it requires the removal of a house used as a store or tavern upon the Government land, and in fact upon the line of the railway.

The owner refused either to move or to allow his building to be pushed a short distance back, alleging that he had certain rights granted to him, which do not appear to exist, however, in writing, from some former Government in Nova Scotia.

The result is that the siding, completed to a point absolutely touching one wall of his house, has a vacancy in it of about 20 feet, which could not be laid because his house is in the way.

There is a siding of about 1,000 feet, which is practically useless, because this man asserts that he has rights as a "squatter," which I believe have no foundation whatever.

There are, I understand, other cases of the same kind, but these two were brought under my notice.

I advise that the Engineer be instructed at once to employ a Land Surveyor, which, I believe, the law requires, to mark out, by boundaries, the different properties belonging to the Government at the stations, beginning at Elmsdale and Windsor Junction, and that when those bounds are established, the law officers of the Government be instructed to take the most summary process to remove all the buildings that are upon the Government land. That can be done if it is gone about vigorously, and then, very strict injunctions should be given to the Engineer not to permit, under any circumstances, any encroachment upon the grounds, which will have thus been marked out by a Land Surveyor.

STATEMENT OF REVENUE.

I find that the revenue of the line, which is returned monthly and annually, is not a fair and correct representation of what the actual earnings of the line are.

What I mean by this is, that in addition to the receipts from passengers, freight and sundries, including mails and express, there are included items of considerable amount which, in reality are not revenue at all, but are mere adjustments of accounts between the different departments and the railway itself.

Everything which is carried upon the railway for the use of the railway is charged at precisely the same rates as if it were carried for the public—the charges of course being written off, and the stores, or whatever department they belong to, include it in their expenses.

In the same way engines and cars which are used for ballsting purposes, either for the railway itself, or for the Intercolonial Railway Commissioners, are charged so much per day each, and the amount thus due is put in as revenue—the portions belonging to the railway itself for ballasting purposes being charged amongst the engineering expenses.

This system gives quite an inaccurate statement of what the revenue really is

Thus, for the year from the 1st January to the 31st December, 1873, the gross earnings are put down at $842,246.86. But when analysed, the actual gross revenue is composed of the following items:—

Receipts from passengers	$316,678 94
" " freight	376,417 44
Mails and sundries	31,796 36
One-third of Windsor branch earnings	31,035 03
Rents	124 58
	$756,052 35

This in reality was the actual cash earnings of the line, but there are added for locomotive and car hire according to the plan I have explained..... $33,758 50
and for railway freight..... 52,436 01

These two last items, amounting to..... $86,194 51
are not either cash receipts or revenue.

No money for them has ever passed into the hands of the Government, and they are merely charged in the accounts of the Departments, swelling the cost at which the railway is apparently worked.

There should, no doubt, be a charge made for engines and cars, when they are used for ballasting purposes, and for the carriage of material over the line, but those charges should be as nearly as possible the actual outlay incurred in performing the service, and the amount, instead of being treated as a receipt, which it is not, should be charged to the department which uses it, and credit given to the department which has to bear the expense in performing the service.

The present plan appears to make the receipts much larger than they really are, and disturbs the calculations when you come to consider the annual increase which is likely to take place in the traffic of the system.

It may be well to consider now the probable growth of traffic upon the line, and to form some opinion as to the probable cost, after the present year, of working it.

In considering this question, it is right to refer to the history of the two lines in Nova Scotia and New Brunswick when they were worked independently.

I will take the earnings and expenses of both lines for the five years up to the 30th June, 1872, preceding the opening of the connecting link, and the bringing of the whole system into one.

In the case of the Nova Scotia Railway,

The earnings for 1868 were.....$251,311 00

In 1872 they were..... 328,841 00

Showing an increase in five years of not quite 31 per cent., or an average for the five years of a little more than 6 per cent., per annum.

In the case of the New Brunswick Railway,

The receipts for 1868 were.....$166,758 00

For 1872 they were.. ..... 294,059 00

Which is an increase of 76 per cent, or an average of about 15 per cent. per annum.

Then as regards the expenses:—The expenses of the Nova Scotia Railway for 1868, were $255,630.51, being about $4,000 more than the gross earnings.

In 1872 the gross expenses were $339,324, being rather more than $10,000 in excess of the gross receipts.

The increase in the expenses between 1868 and 1872 was 32½ per cent. or not quite 6½ per cent. per annum. The increase in the expenses being thus, rather more than the increase in the receipts.

In the case of the New Brunswick Railways, the expenses in 1868 were $131,684, and in 1872, $225,816, being an increase in the five years of 70 per cent., or rather less than the increase in the receipts.

The result of the working of the five years of the Nova Scotia Railway was that in that period the expenses exceeded the receipts by $14,332; and in the case of the New Brunswick Railways, the expenses in the same five years were less than the receipts by $341,708.

In quoting these figures, it is, however, right to say that in the five years under consideration, the Nova Scotia Railways renewed their track with 2,233 tons of iron rails, whilst only 639 tons of new rails were laid in the track on the New Brunswick Railway, and that 197,353 new sleepers were put into the Nova Scotia road, as against 89,245 new sleepers put into the New Brunswick road.

These two items of rails and sleepers will to some extent account for the difference in the results of the two systems.

It is also quite clear that both lines had about run to the extent that they were able to do, without very heavy renewals, and that they in fact had not expended as much during the five years as they ought to have done, to keep their lines and rolling stock in proper condition.

And, no doubt, one cause of the present large outlay is the providing for the deficiencies which existed when the roads were brought together, and the real fact,

I suppose, is that during the five years which I have been considering, the earnings and expenses of the two lines, as a whole, were really somewhere on a balance.

The gross earnings of the Intercolonial line for the year 1873, I have shown to be $756,052.35.

The gross earnings for the first five months of this year (from January to May) for passengers, freight, mails, &c., and rent, leaving out the special items to which I have referred, amounted to $236,647, and for the same months of this year to $296,999, being an increase of $60,352, or rather more than 25 per cent.

I do not consider, however, that this is a fair criterion of the increase which is going on. During January, February and March, 1873, the line was so blocked with snow storms, that its traffic was exceedingly limited.

The winter of 1874, on the contrary, was a very open one, and the business, therefore, was very much larger in comparison, than it would have been under other circumstances.

The increase in the month of May does not show much more than 10 per cent.

Taking these facts into consideration, and looking at the increase which took place during the last five years on the railways when they were separated, and remembering that the larger the traffic, the smaller the percentage of increase is likely to be, I think it would be safe to calculate the increased traffic on the figures of 1873 at not more than from 12½ to 15 per cent. per annum.

That is to say that the existing traffic, if such a rate of increase should be achieved, will double itself within the next eight or nine years.

If that is arrived at, there will, of course, be a greatly increased business, until at the end of the time I have mentioned, the traffic will be about a million and a half dollars per annum.

Taking the traffic for the year 1874 as reaching $850,000, I am of opinion that after this year, by carrying out the recommendations which I have made in this report, by having a proper staff, well organized, and efficiently supervised to work the line, that such a traffic should be worked without loss.

It will take nearly all the rest of this year to get the staff properly organized and a system of careful supervision put in force, but I have no doubt that from the 1st January, 1875, the line can be made as far as Newcastle to pay its way, and to be no burden upon the general revenues of the country.

RECOMMENDATIONS AS TO STAFF MANAGEMENT.

I will now proceed, as briefly as possible, to indicate the sort of management and staff that I recommend:

The General Superintendent should be the chief officer, having control of all the departments, and having in his office proper clerks to attend to the freight tariffs, and matters relating to them, and the issuing of the cheques in payment of store and other accounts.

He should have one *Assistant Superintendent* stationed at Moncton, having charge of the stations and trains and arrange the movement of cars.

I recommend Mr. Luttrell for this office, as the most competent man now on the line.

The Audit and Accountant's Offices to remain as they now are, with the addition of a Travelling Auditor.

One Paymaster only to be employed.

Also *one Cashier* only.

The Engineering Department to be under Mr. MacNab, whom I consider quite competent for the office, under proper supervision and advice. His staff to be a draughtsman and one clerk. Also three roadmasters, who should be subject to his control, and not appointed by order in Council.

The Mechanical Department to be put under a competent Superintendent, who is to be responsible for the whole of the stock, its repair, and all the workshops. Repairs to be concentrated at one place, and the number of foremen to be carefully limited and kept within proper bounds.

The Stores Department to be put under a competent Storekeeper, who has a knowledge of the different articles used and the prices at which they ought to be supplied.

The main stores to be kept at Moncton, and the stock at other places to be very largely indeed reduced.

The Assistant Superintendent to be responsible for the staff at the stations, and not to allow more clerks and porters to be employed than are necessary for the work going on at the different stations. Trainmen to be paid by the trip, and not by the month. Under such an organization, with the men properly selected, and a proper system of supervision and control established, I have no doubt of the result I have before named being accomplished.

I believe the stock of stores can be reduced from its present amount of $356,000 to not exceeding $200,000.

A proper and careful system of tenders and contracts should be established, and large orders like those for rails, coal, sleepers, &c., &c., should not be settled by the local officers.

Of course, under this plan, the services of a considerable number of men will be dispensed with.

Some might with advantage be put upon the Prince Edward Island Railway, where it is important to start at once with a sound and correct system.

There is ample stock to work the line from Moncton to Newcastle, and I can arrange for the working of that line on very cheap terms.

Very little additional stock will have to be purchased to work the line between Newcastle and Riviere du Loup, and I can arrange for the working of that line on very reasonable terms indeed.

But I must very strongly indeed press upon your attention one indispensable condition, if the line is to be worked successfully and without loss to the country.

I allude to the severance of all interference from political patronage. That has been the main cause of a very great redundancy of staff, and the employment of many incompetent men.

When roadmasters, for instance, know that they owe their places to political influences, and believe that they can be retained regardless of their efficiency by such influences, the head of their department has no control over them

The same cause has foisted upon the line, incompetent cashiers, too many paymasters, an incompetent storekeeper, costing the Government many thousands of dollars annually, duplicate establishments for repairs, an unnecessary staff of clerks, as at St. John, and a useless staff of assistant engineers.

It has also put a useless class of men as station masters on the new central district and is clearly involving the risk of considerable deficiencies in their accounts. Men have come to me whilst on the line, to point out their political influence, as reasons why they should be promoted. I have not heard them speak of their efficiency as reasons for advancement.

The system is a most vicious one, and can only end, if not put a stop to, in a constant lavish and increasing expenditure, and a most inefficient system of carrying on the business of the railway.

It must not be forgotten that the men employed on a railway have both the lives and property of the public entrusted to them—perfect discipline and control must be established and maintained, if the greatest dangers are not to be encountered.

Railway working requires intelligence and knowledge, and in fact as a rule the best men of the country are needed for it.

Now the members for the different counties claim the right, because the railway

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SUPPLEMENTARY REPORT

BY

MR. BRYDGES,

ON HIS

INSPECTION OF THE PORTION

OF THE

INTERCOLONIAL RAILWAY

NOW IN OPERATION.

INTERCOLONIAL RAILWAY,

COMMISSIONER'S OFFICE.

Montreal, 18th August, 1874.

SIR,—I have now to report upon the steps which have been taken in carrying out the Order in Council appointing me General Superintendent of the Government Railways, and in pursuance of the instructions which you gave me upon the various matters referred to in my first report, dated 20th June, 1874.

During my stay in New Brunswick and Nova Scotia, I had several long and full discussions with the Ministers of Customs and of Marine, when all the points which I am now about to refer to, were fully and freely gone into.

It may be as well for me to give you, in the first place, the results of the working of the railway, during the two years ended 30th June, 1874.

You will remember that for the year ended 30th June, 1873 (the present system of railways having been fully brought into operation on the 9th November, 1872), the gross receipts amounted to..... .....$ 703,458 26
and the expenses for the same year were. 1,011,892 60

showing a loss in the working for that year of..... 308,434 34
There was expended upon capital account, during the year ended 30th June, 1873, the sum of..... ..... 374,266 66
The total outlay, therefore, during the year ended 30th June, 1873, for capital and loss on working, amounted to the sum of..... $682,701 00
beyond the gross receipts of the railway.

For the year ended 30th June, 1874, the gross receipts of the railway amounted to the sum of..... .....$ 893,430 17
and the gross expenses for the year amounted to the sum of..... 1,301,550 08

showing a loss upon the working of the railway of..... $408,119 91

It thus appears that the gross traffic for the year increased by the sum of $189,972.17; but inasmuch as the entire railway was not opened until the 9th November, 1872, it may be safe to calculate the increased traffic at about the sum of $150,000.00.

The expenses increased during the same period by the sum of $289,657.48.

The increase in the receipts was 21.34 per cent., and the increase in the expenses was 28.62 per cent.

During the year ended 30th June, 1874, the outlay upon the capital account for rolling stock, sidings, buildings, &c., &c., amounted to the sum of...$ 743,914 26
The total outlay, therefore, during the year ended 30th June, 1874, for capital, and loss on working, beyond the gross receipts of the line, amounted to the sum of..... 1,152,034 17

I will now proceed to state the course which I pursued in carrying out your instructions.

The following resignations have been handed in, viz: Mr. McCann, Paymaster, whose health has been bad for some time, and who has consequently been anxious to be relieved from the duties of his office.

Mr. George Taylor, the late Assistant Superintendent and General Freight Agent, whose office has been abolished.

Mr. Taylor was offered the appointment of cashier at a salary of $1,600 a year, but preferred to resign, and has accordingly now left the service.

The following dismissals have taken place in pursuance of your instructions :—

Mr. Ryan, Cashier.....	$1,200	per	annum.
Mr. Sadler, General Storekeeper.....	1,200	"	"
Mr. Clark, Storekeeper, Richmond,.....	1,000	"	"
Mr. Gray, Assistant Engineer,.....	1,200	"	"
Mr. St. George, "	1,200	"	"
Mr. W. Johnstone, Mechanical Supt. at Richmond.....	1,400	"	"
Mr. Blanchard, Fuel Agent.....	800	"	"
Mr. Foster, Station Master, Point du Chene.....	900	"	"
Mr. Foot, Ticket Clerk, Richmond.....	800	"	"
Mr. Faulkner, Trackmaster, Truro.....	1,200	"	"

These resignations and dismissals of course rendered necessary the entire reorganization of the different departments, and this has been accomplished by promoting those men in the service who were found to be deserving, and who were fitted for the duties they will be required to perform, and without the employment of one single person, who had not previously been in the service of the railway.

I have no doubt whatever that the organization which has now been perfected will prove to be a satisfactory one. The men who have been placed in the different positions have been selected on account of their fitness for the offices which they have to fill. They have, by their past record, shown that they deserve to have confidence placed in them, and I have every reason to believe that satisfactory results will follow from the arrangements which have been made.

The staff has been shown by the course which has been adopted, that not only was there no intention or desire, where it is possible to avoid it, to bring any strangers into the service, but that all those whose record is satisfactory, and who will carefully, and in a painstaking manner, attend to their duties, will be rewarded by promotion, as the opportunity is presented.

There can be no doubt that this will have a most beneficial effect upon the members of the staff, and will induce them to carry on their duties in the best manner possible.

The following is a list of the departments into which the organization is now divided, and the names of the persons who fill the various offices, with the salaries attached:

GENERAL SUPERINTENDENT'S OFFICE.

Lewis Carvell, General Superintendent	$4,000	
Albert Jones, Chief Clerk	1,200	
Joseph Bruce, Clerk	800	
————, Short-hand Writer	600	
George Jarvis, Clerk	600	
Wm. C. Burnyeat, Telegraph Operator	600	
Owen Cameron, " " and Clerk	400	
Samuel Taylor, Messenger	180	
		$ 8,380

ASSISTANT SUPERINTENDENT'S OFFICE.

R. Luttrell, Assistant Superintendent	$2,200	

ACCOUNTANT'S OFFICE.

Thomas Foot, Accountant	1,800	
W. W. Jones, First Clerk	1,000	
W. T. Huggins, Clerk	800	
		3,600

AUDIT OFFICE.

J. J. Wallace, Auditor	$1,500	
J. M. Lyons, Clerk	600	
J. W. Small, "	600	
J. W. Wor[illegible]an, Clerk	600	
T. Henderson, "	500	
————, Messenger	150	
J. W. Wallace, Travelling Auditor, and expenses	1,000	
		4,950

TRACK DEPARTMENT.

Alexr. MacNab, Chief Engineer	$2,600	
W. B. MacKenzie, Clerk	1,000	
		3,600

PAYMASTER'S DEPARTMENT.

E. T. Trites, Paymaster	$1,200	
		1,200

CASHIER'S DEPARTMENT.

Alfred Brush, Cashier	$1,000	
		1,000

MECHANICAL DEPARTMENT.

H. A. Whitney, Superintendent	$1,800	
Thos. Williams, Chief Clerk	1,000	
W. J. Keswick, Clerk	700	
J. J. Mulhall, "	600	
John Belleveau, "	500	
H. Fairweather, "	400	
Geo. F. Roome, " Halifax	500	
		5,500

GENERAL STORES DEPARTMENT.

David Pottinger, General Storekeeper	$1,500	
David Leishman, Bookkeeper	800	
John Sutton, Storekeeper, Moncton	700	
H. M. Williston, Clerk, "	540	
Edgar Smith, " "	400	
M. Hollohaw, Issuer, "	420	
J. R. Fraser, Storekeeper, Halifax	700	
J. L. Hackett, Clerk, "	500	
J. Naylor, Issuer, "	313	
S. Watson, Storekeeper, St. John	720	
E. L. Perkins, Clerk, "	700	
O. Blois, Ticket Clerk, Moncton	700	
		7,993
Total		$38,423

You will observe that the aggregate of these salaries amounts to..... $38,423
This is as against the sum of..... 52,332
which was the aggregate of the salaries, under the organization which existed when I went down to make my report.

Whilst, therefore, I have no doubt that a very considerable improvement in efficiency has been effected, you will notice there is a saving in the salaries to be paid of $13,909.

In addition to this sum, certain changes and reductions which have been made in the staff at St. John, Point du Chene and Richmond, will make an aggregate saving in the salaries of between $17,000 and $18,000 per annum.

It is right I should add that Mr. Busby, who has been Assistant Superintendent at Truro, and who has conducted the duties of his office in a satisfactory manner, will be placed in charge of the line from Riviere du Loup to Metis, the office which he has hitherto held being abolished, it being quite sufficient to have one Traffic Superintendent only, for the whole of the existing railways in New Brunswick and Nova Scotia.

The reduction in the cost of fuel under the new contracts, will be about $25,000 per annum. The reductions in the price paid for stores and in the quantities purchased will also be large.

In regard to the Mechanical Superintendent, Mr. Whitney, whilst I do not in any way change the opinions which I have previously expressed, I think it will be desirable to give him a further trial. He is now in a position to exercise full authority over the entire line, which was not the case whilst Mr. Johnstone occupied a semi-independent position at Richmond. The headquarters of the Mechanical Department are now concentrated at Moncton; and Richmond, as well as all other locomotive stations, placed under the charge of a foreman, subordinate to the authority of the Mechanical Superintendent. Inasmuch as it may fairly be said under past circumstances that Mr. Whitney has not had a fair chance of showing what he is capable of doing, I recommend that he be retained at any rate for the next six months, during which time careful consideration will be given to the manner in which he carries out the duties of his office, and it will then be possible to judge as to the proper course to pursue, in order to have this very important Department worked in the most satisfactory and economical manner. It now costs upwards of $300,000 a year, and is clearly capable of considerable reduction.

The STORES ACCOUNTS are unquestionably the most unsatisfactory upon the railway, and the more they are gone into, the more unsatisfactory do they appear.

On the 30th June, 1873, the stock of stores amounted to the sum of $350,235 25
On the 30th June, 1874, they amounted to..... 381,757 49

Being an increase of..... $31,522 24

There is no doubt whatever in my mind, that the stock of stores ought to be, and will be reduced to a sum not exceeding..... $ 200,000

I think it is my duty to point out some of the facts which have come out on the completion of the analysis of the accounts, up to the 30th June last.

You will recollect that in my former report I called attention to the very large quantity of springs which had been taken into store at Richmond, at the end of October and beginning of November last year, and that the quantity so purchased will not in all probability be used for the next four or five years at the earliest.

I have looked into the account for these springs and find that they have been charged to the railway, and paid for at a cost of rather more than 21¼ cents per lb., which is at least double the market value of the springs, at the time they were ordered. I find, further, that the same firm, through whom these springs were ordered, supplied goods to the Railway at Richmond, between the 9th November, 1872, and the end of October, 1873, to an aggregate amount of nearly $70,000, and upon examining their accounts, I find the prices charged to be in many cases excessive.

I may mention, as an instance, that throughout their accounts, bar iron is charged at 4¾ cents a pound, which is at least a cent a pound higher than the regular price at the time the orders were issued. Such an utter absence of supervision in regard to prices, and such a most unwise ordering in regard to quantities, has unquestionably added very materially to the cost of working the railway, and will continue to add to the expense until such time as the large stock of stores kept on hand and purchased at very high prices is consumed.

The stock of general stores at Halifax amounts to no less than..... $73,275 82

and at Moncton to..... $100,397 30

I have no doubt whatever that at both these places the careful examination which I have directed to be made, will show that there are considerable quantities of stores which are now obsolete and not capable of being used, the result of which will be that these obsolete stores must be disposed of at the best prices that can be obtained, which will involve a deficiency in the stock account, and necessitate, to that extent, a larger charge in the cost of working the railway for the next few months.

The fuel account is also extremely unsatisfactory.

There are now on hand 4,800 cords of wood standing in the books at an aggregate value of..... $30,723 84
or an average price of $6 40 per cord.

A considerable quantity of this wood, I am informed, has been on the railway for several years. A portion of it in Nova Scotia, having been part of an old contract, about which there was very great difficulty and loss.

Wood fuel which is kept on hand for more than a year, rapidly depreciates in quality, and I have no doubt that when this wood comes to be used, a large portion of it will be found to be unfit for use, and that a considerable loss to the stores will be found to exist in this item.

No further wood will be used, it being cheaper to burn coal; but I need hardly add that wood at $6 40 a cord is about three times more expensive to burn than coal, at the price at which it is now being purchased.

It would not be possible to ascertain the loss upon this wood until the whole of it has been consumed, which will not be for several months.

The stock of coal has also turned out to be in a most unsatisfactory condition.

I was surprised to find that on the 30th June, there was a stock of coal on hand of 2,750 tons, which is standing in the books at a cost of $15,491.10, or rather more than $5 60 a ton.

This stock is distributed over 39 stations, having been deposited at the different points, I am informed, in order to be prepared to coal engines in winter, in the event of the road being blocked with snow. Assuming that to be a sufficient explanation, it is clear that these sheds ought to have been cleared of coal by the close of the winter, and that no such stock as now exists should be on hand in the middle of summer.

This is the more important, because in order to clear off the coal debit it will be necessary to charge this coal at 18 cents a bushel, whereas the coal which is now being purchased, owing partly to the reduction in price, will be charged at 10 cents a bushel, so that in consequence of this stock of coal, purchased at high prices, being on hand, the quantity so on hand will cost as part of the working of the railway nearly double what should be the case.

But there is no necessity for having coal at so many places.

I have instructed Mr. Carvell to have all the coal on hand at the different points used up, before any more coal is purchased, and that in future not more than 50 tons at each place shall be kept for winter storage, and that only at about ten places outside of the locomotive stations. But the railway having the advantage of getting coal at two mines, at different positions on the line, every day in the year, ought not to have any considerable stock of coal on hand at any time, and certainly the amount at out-stations, required during winter, ought not in the aggregate to exceed 500 to 600 tons, and care must be taken in future that whatever is so deposited in winter, is used up before the commencement of summer.

But there is another very unsatisfactory feature about the coal supply. Certain stations have been cleared of coal, and after deducting the amount charged out

from each of these stations, from the quantity delivered to them, there has turned out to be a deficiency of about 2,500 tons, at a cost of $11,789.85, which there are no apparent means of accounting for, and which has had to be charged out to the cost of locomotive working, during the last year. This very startling state of facts only came out on the completion of the balance sheet, the day before I left Moncton. I have caused enquiries to be made into the matter, and shall before long have further particulars upon the subject, but it is incomprehensible how in a year's supply of something like 20,000 tons of coal, there should be found to be at a few stations so enormous a deficiency as 2,500 tons, involving a loss of nearly $12,000.

There must either have been the most gross carelessness in the system of charging out the coal to the engines at the different stations, or more coal must have been paid for than has been received.

The utter absence of proper supervision over these accounts is further evidence, if any were wanting, of the inefficiency of the management of the Stores Department.

I only hope that when the stock of coal fuel on hand at the 30th June is all disposed of, there will not prove to be any further deficiency in this item.

EXPRESS COMPANIES.

In my former report, I called attention to the inadequate payment made by the express companies using the railway, for the work which was done for them, and I have now to report that having had communication with the two companies working the express over the line, an arrangement has been made by which in future they will pay one-third of their gross receipts, whatever those receipts may be, to the railway for the carriage of their express matter.

The railway to have the right of examining their books and satisfying themselves of the correctness of the accounts rendered.

The express companies to be solely responsible for all damage, no matter how caused, to any express goods carried by them on the trains of the railway, and also to hold the railway harmless against any claims made by employees of the express companies who may be injured whilst travelling upon the trains.

The arrangement to commence on the 1st September, and to be for one year, and subject thereafter to six months' notice upon either side.

This, for the present, is a satisfactory arrangement, and will give the railway about double the amount for the carriage of express matter which it has hitherto been receiving.

PASSENGER FARES.

The altered passenger fares are now in full operation.

Return tickets are now issued to and from St. John, Moncton, Point du Chene, Truro, Pictou, Pictou Landing and Halifax at a reduction of 25 per cent upon the ordinary fares. These tickets are good for two days, except between St. John and Halifax, in which case they are good for four days.

In addition to this, commutation tickets are being issued at a reduction of one-third upon the ordinary rates, in batches of 25 each.

The old system of family tickets is abolished, as it was liable to very great abuse. There can be no difficulty in the way of commutation tickets, as the bundle of 25 has to be used separately, one being given to the conductor upon each occasion of the railway being travelled upon.

The system of season tickets, which was upon an exceedingly unsatisfactory scale, will remain in force during the remainder of this season, but a revised tariff, as follows, will be put in operation on the 1st April, 1875. The tickets to be from St. John, and good for three months.

To Moose Path,	3	miles	$6 00
To Brookville,	4	"	7 00
To Torryburn,	6	"	8 00
To Riverside,	7	"	9 00
To Rothesay,	9	"	10 00
To Quispamsis,	12	"	13 00
To Nauwigewauk,	17	"	18 00
To Hampton,	22	"	24 00

From Halifax the rates will be as follows :—

To Four Mile House,	4	miles	$7 00
To Bedford,	8	"	9 00
To Rocky Lake,	11	"	12 00
To Windsor Junct.,	13	"	14 00
To Wellington,	21	"	23 00
To Grand Lake,	23	"	24 00

The organization of the management being now complete, I have given Mr. Carvell written instructions in regard to various matters in the working of the department.

I have also arranged that a regular monthly system of accounts shall be made up and forwarded regularly, which will give a full insight into the operations of the railway, and show exactly what is being done.

This will include a monthly statement of the receipts and expenses, showing the loss or profit in the working for that particular month.

The different departments will also forward balance sheets, showing their operations in such detail as will enable me to see exactly what they are doing, and whether or not there is any undue expenditure in progress.

In regard to stores, I have arranged for the present the following plan.

The store-keeper, when any articles have to be purchased, will send out a printed form to the parties who are in the trade, asking for tenders for the supply.

Those tenders, when scheduled, will be submitted once a fortnight to the General Superintendent, with the recommendations of the store-keeper as to the quantities that ought to be ordered. He will at the same time produce a statement of the quantity of the articles so wanted, if any, which are in store at the time, and the General Superintendent will thus be able, if he gives proper attention to the matter, not only to check extravagance in the quantities purchased, but also in the prices to be paid.

I have also directed that all the orders shall be issued as much as possible, only once a fortnight, excepting, of course, in cases of emergency. All the orders so made, at the fortnightly ordering, to be entered in a book by the Storekeeper, and when approved by the Superintendent, his initials to be placed in the book against each item so ordered.

A copy of this list of orders with the information which I have described, will be sent to me once a fortnight, and I shall thus be able to see exactly what is being ordered, and whether the quantities ordered are excessive or whether the prices paid are higher than are current elsewhere.

The Storekeeper will also by correspondence make himself acquainted with the prices which are being charged for the articles required at other places in the Dominion and in the United States, and in this way I have no doubt that by careful attention and judicious arrangements a very large saving can be effected in the purchase of stores, and everything that is required obtained at the lowest market rates.

These different returns and statements will commence with the month of July, and I hope that they will be completed and forwarded from Moncton by the end of the present month. After that they ought to be ready about the 15th of each following month.

If these returns are properly made out, and carefully supervised, it will be impossible for matters to go far wrong, without their being detected, and with this system once fully in force, an occasional visit, not necessarily very frequent unless on special emergencies, but not at regular or stated intervals, to the railway, will enable such a supervision to be exercised over what is being done as will prevent the possibility of such serious errors as have existed up to the present time.

TRAIN SERVICE.

The arrangement of trains is working satisfactorily.

The night train has done considerably better than I expected would be the case, and it has undoubtedly had the effect of increasing the traffic upon the railway.

The Pullman cars, as has proved to be the case wherever they have been put on, are the best possible advertisement that a railway can have, and, as has been the case elsewhere in Canada and the United States, they have undoubtedly effected a material increase in the travel.

I consider the train service at present upon the railway in excess of the wants of the travelling public.

There now five trains leaving St. John daily, and five arriving, all carrying passengers.

On the Western Extension from St. John there are only two trains a day each way, so that the accommodation out of St. John upon the Intercolonial Railway is very much greater than by the other line.

The rates of fare are also even now lower.

The ordinary rates are three cents a mile on the Intercolonial Railway, whilst on the railway westward, they are 3½ cents per mile in Canada and 4 cents upon the portion in the United States.

On the Intercolonial Railway return tickets on a very liberal scale are issued at a reduction of 25 per cent, whilst on the Western Extension from St. John, return tickets on a much more limited scale are issued at a reduction of only 20 per cent.

The issue of commutation tickets is also upon a more liberal scale on the Intercolonial Railway.

The train, which, when the through night train was put on, was run at 5 o'clock from St. John to Hampton, is now extended to Sussex. This has been done in response to a very general expression of a wish to that effect on the part of the people. The train was originally fixed to go only as far as Hampton, because the officers of the railway stated that that was the farthest point to which residential country traffic to and from St. John existed, and it was upon that advice that the terminus was fixed at Hampton. I expect it will be found that the number of passengers using the train between Hampton and Sussex will not be large, but under the circumstances it was considered desirable to extend it in the way that has been done.

I am causing a return to be made weekly of the number of passengers using the day and night trains, and it will then be seen which is the one which gives the greatest accommodation to the travelling public.

I will give the results of the working for the month of July, as soon as I receive the returns from Moncton.

I have the honor to be,

Sir,

Your obedient servant,

C. J. BRYDGES.

The Hon. A. Mackenzie,
Minister of Public Works,
Ottawa.